

PUBLIC HEARING

on

ASSEMBLY BILLS NOS. 757, 763,
765, 766, 767, 768, 770 and 804
[Community Affairs]

before

ASSEMBLY COMMITTEE ON COUNTY AND MUNICIPAL GOVERNMENT
and
SENATE COMMITTEE ON STATE, COUNTY AND MUNICIPAL GOVERNMENT

New Jersey State Library

Held:
March 30, 1967
Senate Chamber
State House
Trenton, New Jersey

MEMBERS OF COMMITTEES PRESENT:

Senator Jeremiah F. O'Connor (Chairman, Senate Committee)
Assemblyman S. Howard Woodson, Jr. (Chairman, Assembly Committee)
Assemblyman Victor F. Addonizio
Assemblyman Joseph Grecco
Assemblyman Robert E. Henderson

* * * *

I N D E X

	Page
Paul N. Ylvisaker Commissioner, Department of Community Affairs	2 - 97 A
Phillip Alampi Secretary, State Department of Agriculture	14
Julian K. Robinson Director of Health and Welfare, Jersey City [representing Mayor Thomas Whelan]	18
Robert E. Scott N. J. Association of Real Estate Boards and Mortgage Bankers Association of New Jersey	24
Arthur Padula President, Builders, Owners & Managers Association of New Jersey	45
Robert F. Ferguson, Jr. Executive Vice President New Jersey Association of Real Estate Boards	62
Dr. William Freund Chairman, Governor's Economic Policy Council	67
Richard C. Goodwin New Jersey Home Builders Association	73
Alvin E. Gershen Planning Consultant, Alvin E. Gershen Associates Trenton, New Jersey	94
Rev. B. T. Cartwright Blazer Council of Newark	103
Mrs. Harold Kuhn Princeton Association for Human Rights	106
Edward Hendrickson Mercer Housing Associates	3 A
Rev. Fox Assistant Secretary, N. J. Council of Churches	4 A
Ernest Erber Regional Plan Association	10 A

Msgr. Joseph J. Vopelak Coordinator of the Office of Educational and Economic Opportunity Programs New Jersey Catholic Conference	21 A
Rabbi Howard Hirsch Congregation Brothers of Israel	23 A
Robert Rowan, President Civil Service Association, Mercer Council	26 A
Joel R. Jacobson, President New Jersey Industrial Union Council of AFL-CIO	31 A
Salvatore A. Bontempo, President N. J. Citizens Conference on Housing and renewal	36 A
Malcolm Talbott, Vice President Rutgers, The State University	42 A
Oliver Lofton Administrative Director Newark Legal Services Project	47 A
Phillip Comora Title Guarantee Company	50 A
Walter T. Brazell New Jersey State Hotel - Motel Association	54 A
Dana Whitman, Jr. Town Manager, Newton, New Jersey	58 A
William Brach on behalf of Mayor and City Council City of East Orange	59 A
Howard H. Kestin Director of Legal Services, Office of Economic Opportunity, Department of Community Affairs	68 A
Romolo Bottelli, Jr. Member, New Jersey Society of Architects	74 A
Bernard Chazen Attorney at Law	75 A

Robert A. Carter 77 A
Assistant Professor of Law, Rutgers, The
State University

Charles C. Nathanson 82 A
Director of Planning and Development,
City of Trenton

Joseph Ford 88 A
Paterson Task Force

Statements submitted

Letter from Mayor Ralph G. James of Wildwood 115 A

Statement by H. Philip Minis 116 A

Statement by Edward Hendrickson 117 A

Letter from Leslie Blau Company 119 A

Letter from Donald Horowitz 121 A
Fair Housing Council of Bergen County

Letter from Irma Thexton, Director, CHOICE 122 A

Letter from Linda Grover 123 A
Three Twenty-five Cooperative, Inc.

Telegram from Hugh J. Addonizio 131 A
Mayor, City of Newark

Telegram Midtown Community Action Council 132 A

Telegram Vincent L. Brinkerhoff, Commander 132 A
Dept. of N. J., Veterans of Foreign Wars of the U.S.

Letter from Henry W. Connor, Executive Director 133 A
Greater Newark Chamber of Commerce

Statement by William L. Brach 136 A
City Counsel, East Orange

Statement by Dana Whitman, Jr. 140 A
Town Manager, Town of Newton

ASSEMBLYMAN S. HOWARD WOODSON, JR. [Chairman]: Ladies and gentlemen, I am very sorry to have kept you waiting so long. We were attempting to wait for the presence of Senator O'Connor who serves as the Chairman of the Senate Committee on State, County and Municipal Government. He has been unavoidably detained.

We are going to open the hearing on the following bills: A 757, A 763, A 765, A 766, A 767, A 768, A 770, and A 804.

Let the record show that the following legislators are present: the Honorable Mr. Henderson, Assemblyman from Union County; the Honorable Joseph Grecco, Assemblyman from Passaic County; and the Chairman of the County and Municipal Government Committee, S. Howard Woodson, Jr.

I would like first of all to call the names of those persons whom I have listed, having sent in indications that they were going to testify. If you are present, would you kindly indicate it so that I may mark your names down as present and any other persons whose names I have not called, if you will indicate to me your desire to testify, I would be very happy to receive your name.

[Assemblyman Woodson calls out the names on the list of those who expressed interest in speaking.]

I declare the meeting now open. All persons wishing to testify at this hearing will kindly sit in the seat to my left. If you have a written statement, would you kindly submit that

statement to the clerks. You are permitted to read from your statement or you may simply submit the statement with a verbal statement in addition.

There may be other persons whose names I have not called. As soon as we have completed the first listing of names that I have already called, I will ask for additional persons who wish to testify with regard to the bills that have been listed.

The first person we are going to call on this morning will be discussing in general the bills that are before us, the Honorable Paul N. Ylvisaker, Commissioner of the Department of Community Affairs.

C O M M ' R. P A U L N. Y L V I S A K E R: Assemblyman Woodson and distinguished colleagues: I would like in the interest of time not to read verbatim the testimony which we will submit for the record nor to elaborate in great detail many of the supporting figures and statistics which again will be given to you in the form of charts and for the record.

During the day I will be assisted not only now but later by Mr. Joel Sterns, who is in charge of housing generally, and also by Mr. Jules Seaman, who has been, as you know, working in this field for the State for many years, and is a valued colleague. I will turn to them on occasion during the day and toward the end for any assistance and questions that you may want to put to us.

I am very grateful to you as a Committee and also to the Legislature generally, in the first place, for having created this Department and for giving us as we are also helpful, with, I hope, the State of New Jersey, a chance to embark on two very challenging opportunities. One is the resurgence of the states in the United States in carrying out their responsibilities for local health and welfare and community development. The return of the states into this field is going to be one of the most encouraging things, I think, we have seen in the United States and in this country for a good long time. It is turning out to be a necessity and the State of New Jersey, welcoming this necessity, is turning it into an opportunity.

The second great move of our times is to see what we can do to develop our communities, and in many cases to redevelop these communities. Both problems of deterioration and age, problems of newness and growth, are coming at us in such dimensions that many people have dispaired.

I think this morning in presenting this legislation to you, we are turning away from potential dispair. We do not want to be overwhelmed. We are offering to you, we think, the beginnings of tools which will make the State of New Jersey, a state among states and its communities, communities among communities.

I am grateful - and I would like to say this publicly now - to the many people who have been working on these proposals long

before I and the Department arrived. These proposals are not new and later I will argue they are not radical. These proposals grow out of years of looking at the problem, feeling that problem, working with it, and in many cases being overcome because we do not have the tools that we are asking for this morning.

I am grateful to those people, and not least in one of these pieces of legislation to Commissioner Alampi, whose department has sponsored and has introduced and initiated the proposal for the employee exchanges. When this proposal came before us from the agricultural unit, we saw its potential for redeveloping the state's urban communities and its rural communities as well. We seized upon it and Mr. Alampi graciously has allowed us to put it into our package.

This, I want to emphasize, is just the beginning of an attack on the problems of our communities that our department will engage in and will help sponsor. It is a very necessary set of tools and all six pieces of legislation fit carefully together. I will talk about them only very generally in just a moment.

But we do propose to work at problems beyond just the problems of housing. There are many other problems, finance problems, revenue problems, organizational, regional planning, aging, youth and the rest, all of which come within our jurisdiction. And I want again to emphasize, this is a beginning

point. We want to get into motion. We want these tools. But we also pledge to your Committee and to the Legislature that we will be fulfilling our other responsibilities in this department over time as well.

If our department has any reason for existence, I think it is to begin coordinating and bringing together all the different tools that we have to work on the problems of our community. Both the problems of new growth and the problems of decline require this kind of concentration and coordination of effort. You cannot, as we have discovered, work just on one facet of the problem and leave others untended.

So it is our intention to keep coming to you as reason and experience justify with additional tools and instruments, but again to do a coordinated and a comprehensive job, an integrated job, on the problems of our communities.

We have emphasized in this first round housing, I think for very good and apparent reason. Decent housing is becoming more and more difficult for too many of our citizens to come by, both in terms of distance, the convenience, and especially in terms of cost. We will introduce figures and statistics into the record here, which will show how many of our citizens in the State of New Jersey are experiencing difficulty within their income and within their travelling distance, of finding the suitable and decent accommodations we want them to have. We are trying to guarantee by this proposed legislation that they will

get it.

The problem is particularly acute as one gets into the older and more built-up areas of the state. It is a problem, however, that is not confined to these communities alone. While it may be lesser, our statistics as introduced will show in a surprising number of communities that do not seem so old or so built up, here too the costs of housing are reaching beyond the incomes of too many of our citizens. But again, particularly, we will be concerned, I think, with this legislation with some of the older areas, urban renewal areas, the places where we have had to put concentrated attention. And the kind of measures we are introducing, we think, will work at both ends of the scale, both at new construction to try to bring it within reach of the moderate-income and lower-income citizens, and at the same time to make certain that we do not by lax code enforcement or by inadequate standards both bring into existence or let decay too early or too badly some of the present housing facilities that we have.

Now when we come into this job and see the magnitude of it, the easiest way of approaching it, I suppose, at least by logic, would have been to ask for massive public outlays and to carry on a massive public program. I think you gentlemen realize more than anyone that we cannot expect in the immediate short run the kind of public resources that may seem necessary to do this job. On the other hand, even if they were available, even if

the State of New Jersey had tax resources to spare, we would not want to do this by the public route alone. The time has come in the United States where we must involve the private sector, where we must use the incentive to get the energies of this country to come along with us in working out and fulfilling and accomplishing public purposes. This country is a country based on private initiative and private energies, and we will be successful in our department, and I think in the public sector, to the degree that we mobilize these resources and give incentives, not only the stick which is sometimes used, but mostly incentives to bring this private sector along.

We, therefore, want to take a problem which may seem overwhelming, which may seem to require only public action, because in many cases the private sector has not seen a market - we want to take this problem and turn it around to an advantage, to show to American industry, to the building components, the building industry, the real estate people and others, that this is an expanding market, a growing market, and that it can be exploited for profit-making purposes and also for the public purpose.

We are trying to define a market which we think has been largely ignored, a market into which the financial flow has not been enough, where we have not had enough construction, where we have not had enough attention. We want to try to show by the various measures you have before you that the private sector can find a market. If one were to take this only in those interests

alone, one might see what a few dollars expended wisely by the public might produce in private investment outlay and income. We will show figures for x millions of dollars of the kind of expenditures that are called for here, investments; how much the construction industry will gain; what it will mean in man hours of labor for the trades and building industry; what it can mean in terms of incentives for those who must make their income in the private market.

So we do want to emphasize this is a program with minimal public expenditures and we think maximum private gain consistent with the public interest.

I can go through these pieces of legislation one by one and show some of these factors, but first let me make a few other points.

I want to emphasize again this is not to be primarily and as a matter of fact very little a spending program; particularly the middle-income housing program that we proposed is an investment program. I will come to the details in a moment. We are not spending; we are investing here in progress. And we are trying to involve and to facilitate, as much as we possibly can, the private sector. While we will also propose to go into new growth and new construction, we are going to concentrate on rehabilitation. In the United States the rehabilitation problem has gone beyond us. There is no rehabilitation industry to speak of. The older parts of our built-up areas show the results of

houses going into deterioration and decline and the means of reviving them economically being beyond the income of those who are there. We want to turn especially to the rehabilitation side where I think there is no question of competition with the private sector and here to do a unique and innovative job.

These are not radical proposals, as I say, that we put before you. The one which will probably evoke the most controversy and probably where we will have opposition has to do with the middle-income, moderate-income housing program. I want to stress what may sometimes be missed: This is a program already in motion throughout the United States. Governor Rockefeller in New York has now authorized up to two billion dollars of revenue bonding under Mitchell-Llama for precisely this purpose. When I spoke to the Governor the other evening informally in Washington, he wanted this to be said, that this is one of the best programs he has ever engaged in and has not cost the public a dime. Governor Volpe of Massachusetts has also secured this program in that state and Governor Romney.

The other more innovative program, apparently, where we are asking for a demonstration grant fund, has been proposed across the country by growing numbers of remarkable people. Senator Percy of Illinois, Senator Javitts of New York, Senator Kennedy of New York, are among those who are proposing precisely the same kind of instrument which allows the public and the private to cooperate in a public purpose. Major corporations of the

United States are investing and putting front money into such demonstration funds emerging in other cities across the country. If New Jersey should authorize these programs, it would not be putting itself way out on a limb. Quite the contrary, it would be taking recognized programs and ideas and moving with the times. We would hope to catch up with the times and to move beyond in our work in these areas.

There are built-in protections in each of these pieces of legislation that we have put to you. Where it requires regulation by the Commissioner, these are subject to hearings and the usual procedures at law. When we get into the investment program, we are talking here, as I say, about investments. If we are asking for 4 per cent bonding, revenue bonds, here, we are saying to you, "This is to be investment on the private sector." We must have an almost banking mentality to carry this program out successfully. We must be sure that each project is going to be considered a good investment so that the rate of interest will come in low enough to us so that we have the margin to do this particular job.

We have also hedged it in the middle-income housing program by saying, any community can participate in this program, but it must establish and certify need and there must be a municipal option so that we cannot as a state housing agency move at will through the community and go wildly into reckless investments. We must be subject to the market and we must be

subject to municipal options in those cases and the certification of need.

In the middle-income program especially the question will be raised about the high income levels which are allowed. These will be the exceptions, though admittedly by the formula, higher incomes can be brought in. Yet this is precisely the problem that we must face in some of our older declining communities that we are not getting mixes of population - we are getting ghettos of income and color. By such devices as we are proposing, we can begin to attack those problems which are staring at us ugly in the face across the United States. We do it intelligently, reasonably, as an investment, not as innovators, not as radicals, but joining a vast number of enlightened people, many of them conservative as well as liberal, business as well as public, across the country, to do this kind of job.

Now today, you are going to hear testimony from a wide variety of sources. I hope you will bear the points that I have made in mind as you listen to both the support and the complaints. I think also we can show by the record that we are getting considerable support for all the ideas put forward here. We have letters which indicate that not even the realtors are undivided in their position. We have letters of support from that group as well as some of the criticisms that you will hear.

I do want to emphasize as my final point, however, that we are welcoming criticism and suggestions, as I know that you

will in your operation here.

We have already talked with those people who have the most fears and criticisms of this proposed legislation. We recognize that at certain points our interests will diverge. At certain points we will not be able to accommodate each other and as gentlemen we must face each other across the table and see how the vote falls. But on many other points, I am pleased to tell you that we have reached accommodation. There are many suggestions that have been made from these quarters which bear listening to and it will be the theme and the motive of the department which I head that we will be constantly open to criticism and better ideas.

We are giving you today the best experience, the best ideas, that we can find across the country for handling these problems. No one would say these are perfect or that they will produce magic. They are starting points. We will start from these places, listen, wait for the next best idea and hope to be back to you as fast as anyone with something which may work better than we have presently put forward. But what we have put forward, we have put forward now with confidence and the willingness to fight for it.

These are good pieces of legislation. They will make a lot of difference in the state. I think, having voted for them, you will find in a few years' time that we will have done one major piece of our job together, and that is to turn New Jersey

around, to face the problems that it has, not to duck them, and to use what constructive energies, private and public, we have to meet them. I thank you very much.

ASSEMBLYMAN WOODSON: Thank you, Mr. Ylvisaker.

First, I would like to ask if you would submit any letters of support and/or opposition to any of the proposed bills before us for consideration.

MR. YLVISAKER: Yes. We will give you copies of all letters that we have received if you find them relevant.

ASSEMBLYMAN WOODSON: Would you be able at this point to list any of the groups or persons that have submitted letters of support?

COMM'R YLVISAKER: I have them in this folder here and can give them to you, yes.

ASSEMBLYMAN WOODSON: All right. Thank you. Are there any questions members of the Committee want to ask? (No response.)

Thank you, Mr. Ylvisaker. If you will, I would suggest that you remain close by in the event that there are persons who will be testifying who may want to ask a question or there may be statements that you would want to speak to following their particular presentation.

COMM'R YLVISAKER: There will be moments during the day when I will have to be absent. But I will make certain somebody who will be informed will be present.

ASSEMBLYMAN WOODSON: Thank you very much.

The Honorable Phillip Alampi, Secretary of the Department of Agriculture.

P H I L L I P A L A M P I: Mr. Chairman, your distinguished colleagues and friends: I am Phillip Alampi, Secretary of the New Jersey State Department of Agriculture. I appear before you to speak briefly on the merits of Assembly Bill A 763, designated "The Government Employees Interchange Act," which is mentioned on page 30 of the Fifth Annual Message of Governor Richard J. Hughes, under the term, "Agriculture, Preserving an Asset."

It was in 1956 that the basic ideas in the proposed legislation before you began to take form through the efforts of a Joint Land Grant College - U. S. Department of Agriculture Committee on Training for Government Service. This group spearheaded an effort that resulted in the passage of Public Law 918 of the 84th Congress, which authorized an exchange of employees of the U. S. Department of Agriculture and employees of state political subdivisions or educational institutions.

In the years that followed, these basic ideas were recommended to several states by the National Association of State Departments of Agriculture, of which it was my privilege to serve as President. Each State Legislature was encouraged to pass enabling legislation that would permit the states to participate in the exchange of employees. This effort was also

supported by the Council of State Governments.

Such a program is similar to the mechanism that has been in use for many years by colleges and universities in their "exchange professorships." Such an interchange can provide the mobility of manpower so necessary today in assisting any governmental agency in setting up a new program or improving an old program with experienced and trained leadership.

To date, nine states have passed similar enabling acts and several states are giving serious consideration to the passage of such legislation this year. At the Federal level, Senator Muskie of Maine, Chairman of the Committee on Governmental Operations, has introduced S 699, which, under Title VIII, provides for the interchange of State and Federal and local governmental employees. This bill not only includes the United States Department of Agriculture, but all other Federal agencies as well. In January, the President, in his State of the Union message, endorsed the basic ideas that are incorporated in this proposed legislation.

Without State enabling legislation, such as A 763, employees of any governmental agency having retirement and fringe benefits are reluctant to change employment on a temporary basis because of the sacrifice of a part or all of such benefits. With the enabling legislation, there is no loss of benefits or tenure and the contributions an employee makes to a program in another jurisdiction can be beneficial to all

concerned --- government as well as the individual.

With the ever-increasing growth and complexity of State Government, it is important that a mechanism be provided to permit the exchange of specialized talents at all levels of government. As an example, if one of our marketing division employees has developed a new approach to marketing farm products, such an employee might be shared with another state or some local government. As another example, the person responsible for the development of an outstanding biological control program of harmful insects in our Division of Plant Industry might be shared with another state, or even the Federal government.

Conversely, if a marketing specialist in Virginia develops a new auction market program, under this enabling legislation, such an individual could come to New Jersey and help us set up a program applicable to our needs. A similar exchange of employees could also take place between the State of New Jersey and the United States Department of Agriculture, if we were having a problem in implementing some Federal-State program.

With the continuing competition for top talent in governmental service, it is imperative that we make maximum use of the talents available to us at all levels of government.

Some of the highlights of this act are as follows:

1. All levels of government, Federal, State and local are authorized to participate.
2. The period of individual assignment shall not

exceed 12 months, nor shall any person be assigned for more than 12 months during any 36-month period.

3. The act is not applicable to elected officials.

4. It is voluntary, since no employee may be compelled to participate in the New Jersey program.

5. It requires the employee involved to agree to return to the employ of the sending agency for a period of at least one year following the termination or completion of his participation in the program.

6. Provisions are made for the sending and/or receiving agency to terminate all or part of the program of employee interchange without giving reason therefor upon giving notice of at least one month prior to such termination.

7. Employees of the sending agency shall be entitled to the same salary and benefits to which they would otherwise be entitled and shall remain employees of the sending agency for all purposes, except that the supervision of duties while at the receiving agency may be governed by agreement between the sending and receiving agency.

8. The Department of Civil Service is directed to prepare plans and adopt regulations to implement the act.

9. The act takes effect immediately, but no employee may be detailed or assigned under the authority of this act until July 1, 1967.

In conclusion, the provisions of A 763 have been

checked carefully at the Federal level and are compatible with existing and pending legislation in Congress.

Since this act provides the key of flexibility for the exchange of talented employees at all levels of government, I would urge that you give this bill favorable consideration.

I will be delighted to answer any questions, Assemblyman Woodson, you might have or any of your colleagues.

ASSEMBLYMAN WOODSON: Any members of the Committee have questions they want to ask? I don't believe so, sir. Thank you very much.

The next person to testify will be Mr. Julian K. Robinson, Director of Health and Welfare, City of Jersey City, representing the Honorable Thomas Whelan, Mayor of Jersey City.

J U L I A N K. R O B I N S O N: Assemblyman Woodson and distinguished colleagues, I am here with a statement submitted by Mayor Thomas Whelan, who also asked me to convey his deep appreciation for the opportunity to testify and his regrets that he could not be here in person.

The City of Jersey City fully supports this package of bills being considered by you gentlemen today. Our city planners and our housing experts feel it is a minimum proposal if New Jersey is to begin to meet its housing needs during the next decade, and I would like to comment specifically on several of these proposals.

A 768, concerning state aid in the form of capital grants to municipalities for urban renewal projects, is a long overdue step. It is an unfortunate fact of the space age that those communities most in need of urban renewal are those least able to afford it. In New Jersey, of course, the central cities are all case-studies for this theory, and Jersey City is a prime example.

For instance, our city's present bonding capacity is down to about \$9 million. We are now planning the construction of a civic center in Journal Square. In its initial stages, this will include only a combined police and fire headquarters and signal system - critically needed to maintain the public safety of more than a quarter of a million people - and the initial cost is approximately \$5 million - more than half of our total borrowing capacity.

And out of that remaining \$4 million must come everything else: both our year-by-year bonding programs of new equipment to keep the city afloat and also our long-range capital costs.

How can a city of our size - with equalized assessed valuations nearing \$1 billion - maintain its capital plant with such a small borrowing capacity? It is obvious that any help the state can give in meeting the mandatory costs of urban renewal may make the difference between urban renewal being workable or unworkable in the cities.

In that same vein, A 767, the proposed relocation assistance law, is also a forward step - with one important proviso.

Certainly, there has never been a time when central cities, all choked by rising costs and declining revenues, have had to be more far-sighted, more clear-headed and more hard-nosed in their long-range plans for spending on new public facilities. But there is no reason they must be cold-blooded too, and this act will ensure that communities temper their difficult decisions with financial mercy.

But, as a continuing policy, such relocation payments may very well tax the meager resources of most central cities - and this is our proviso. We feel that an amendment to the local bond law will be required to enable cities to pick up these costs as a part of land acquisition and to bond them. This would add only a small fraction to the total cost of land and yet would not penalize - through out-of-pocket payments which must be raised in one year by immediate taxes - those cities which are moving to meet their obligations in public construction.

We also support A 770, the proposal to set up a New Jersey Housing Finance Agency. In the immediate future, in two urban renewal projects, we plan the construction in Jersey City of approximately 2,000 dwelling units. Our long-range city plans call for virtually an entire new city to be built on the Jersey City waterfront near Liberty State Park,

on which initial work has already begun. Here we are talking about homes for as many as 45,000 persons.

The Federal Housing Agency has determined that Hudson County could absorb 900 dwelling units a year - half of them in Jersey City - if they could be built and rented at moderate levels. The true need is even greater than these very modest estimates.

All these projects will be immeasurably advanced by the passage of this bill. There has been, over the years, a great amount of criticism of urban renewal as a form of "Negro removal." There is, unfortunately but certainly, some truth to that criticism, since the housing that normally goes up with an urban renewal program, if privately built, is just too high priced for the residents of the old neighborhood. By making money available to sponsors at lower interest rates, we know the cost of new housing could be substantially reduced. Many housing experts take the view that a half point on the interest rate is worth all the urban renewal in the world, and they feel this new agency will be even more important than urban renewal land write-downs, in helping to lower housing costs.

We are certain that, given such a tool, Dr. Ylvisaker will act with wisdom and prudence in preventing the abuses that have too often accompanied the similar Mitchell-Llama program in New York.

Finally, we also support A 757 and A 804.

In conclusion: our state is one of the most urbanized areas in the world. It is our opinion that the biggest problems our state has to face up to, and has to solve, are the problems of the cities.

And those problems - high welfare costs, higher disease rates, unequal educational opportunities, crime - all these are fostered in the slums of our cities, and the most obvious part of the cure is sound housing in sound neighborhoods.

The Port of New York Authority estimates that in the ten-year span from 1965 to 1975, the population of the twenty-two metropolitan counties of New York and New Jersey, will increase by more than two and a half million persons. Not only will we have to provide housing for these people, but, just as important, we have to provide safe, sanitary and decent housing for the people we already have.

As Robert Moses once said, "We cannot tolerate housing hovels just because some great men have managed to survive them."

These bills, we feel, are an important first step in acknowledging that principle, and in meeting our needs.

Thank you.

ASSEMBLYMAN WOODSON: Thank you, Mr. Robinson. Any members of the Committee have any questions they wish to ask?

ASSEMBLYMAN HENDERSON: I would like to ask Mr. Robinson one. Mr. Robinson, do you have a renewal program now in Jersey City?

MR. ROBINSON: Yes, we do.

ASSEMBLYMAN HENDERSON: Do you have any problems with it in relation to the realignment of the railroad traffic?

MR. ROBINSON: I think for a detailed answer, I might defer to Mr. Gershen who is here.

ASSEMBLYMAN HENDERSON: I was just wondering. It isn't important.

MR. ROBINSON: There have been some problems, yes.

ASSEMBLYMAN HENDERSON: I was just wondering how your urban renewal program is going to work out with your rail program that is taking place shortly and which we hear so much about. It isn't important.

MR. ROBINSON: I believe Mr. Gershen will be testifying later on and he could answer this in detail for you.

ASSEMBLYMAN HENDERSON: O.K. Thank you very much.

ASSEMBLYMAN WOODSON: Mr. Grecco, do you have any questions?

ASSEMBLYMAN GRECCO: No.

ASSEMBLYMAN WOODSON: Mr. Robinson, you indicated that there was a rather high cost of new housing as it is presently constructed by private enterprise.

MR. ROBINSON: Right.

ASSEMBLYMAN WOODSON: Did you have experience with that in Jersey City?

MR. ROBINSON: Yes, we have, particularly in the area

of one of our urban renewal projects in the immediate vicinity of City Hall where urban renewal has resulted in middle- and high-income housing, but it has not met in my opinion the need for the people who formerly occupied these areas.

ASSEMBLYMAN WOODSON: You mean the people most adversely affected by the urban renewal program are people who do not benefit once new construction has taken place?

MR. ROBINSON: That's right. As a result, their relocation is simply added to the size and magnitude of existing slums which were there already.

ASSEMBLYMAN WOODSON: Thank you.

ASSEMBLYMAN HENDERSON: May I ask another question in relation to that? Why did not these people qualify for this new housing, Mr. Robinson; have you any idea?

MR. ROBINSON: Simply income level.

ASSEMBLYMAN HENDERSON: Income. I see.

ASSEMBLYMAN WOODSON: Thank you very much, sir.

I would like to call at this time Mr. Robert E. Scott, representing the New Jersey Association of Real Estate Boards.

R O B E R T E. S C O T T: Assemblyman Woodson and distinguished colleagues, I am Robert E. Scott of Elizabeth, New Jersey, where I have been engaged in the real estate and mortgage banking business for the past 35 years.

I appear before you on behalf of, and as past president

of both the New Jersey Association of Real Estate Boards and the Mortgage Bankers Association of New Jersey. The New Jersey Association of Real Estate Boards is an organization of some 2800 Realtor offices located throughout the State, whose associates and employees number in excess of 19,000 people. The Mortgage Bankers' Association of New Jersey comprises over 100 Life Insurance Companies, Banks, Savings Banks, Mortgage Companies, Title Companies, and Savings and Loan Associations with aggregate assets in the billions of dollars.

Accompanying me from the New Jersey Association of Real Estate Boards are Nicholas Friday, President, and Robert F. Ferguson, Jr., Executive Vice President.

We share your concern for the adequate and satisfactory housing of families of moderate income. However, we submit that this need has been, is being, and will continue to be met by an efficient, effective, well-organized industry - without expense to the taxpayers, and without the need for State intervention.

A 770 declares that there exists a need for adequate, safe and sanitary dwelling units for many families of moderate income, that a large and significant proportion of the families compelled to relocate by reason of Urban Renewal, highway construction and other public work programs will be subject to extreme hardship unless new facilities are constructed and existing housing, where appropriate, is rehabilitated,

and made available at rentals within their means. Further, the bill declares, unless the supply of housing for families of moderate income is increased significantly and expeditiously, a large number of the residents of this State will be compelled to live under unsanitary, over crowded, and unsafe conditions. This statement is just not true, and the entire justification for the vast expenditures and revolutionary method of providing housing for the citizens of New Jersey involved in A-770 is based on this completely false assumption.

There has never been a time in the history of our State when there has existed a greater volume of safe, sanitary, and satisfactory housing - particularly for families of moderate income - than there is right now. Realtors, builders, material supply dealers, and mortgage lenders have produced a virtual avalanche of housing units that has resulted in an actual oversupply in many areas. This excess production, and lack of moderate income families to fill the standing vacancies, is leading to widespread foreclosure and potential foreclosure, of many moderate income apartment houses. The FHA has already taken over 25 projects containing 3,188 units in North Jersey alone; in South Jersey FHA has acquired 2 projects with 174 apartments, a total of 27 projects and 3362 units. Practically all of these were designed for, and meet the needs of moderate income families. And there are many more projects containing thousands of additional units that will be forced into the hands of the FHA, and conventional lenders, unless moderate income families can be quickly found to fill the vacant apartments that are creating the mortgage defaults.

As a matter of fact, the FHA has been declining to insure new middle income housing projects - notably in Newark - because of the high

level of vacancies. In just two buildings alone on Mt. Prospect Avenue, Newark, 279 apartments are vacant out of 399. Just one management firm alone reports they have more than 40 vacancies in East Orange, Irvington and Plainfield, of which 14 rent for less than \$33.00 per room per month - and all are desirable and completely standard. If A 770 is enacted, the unfair competition created will further aggravate an already serious condition, and may accelerate the volume of defaults in FHA and conventionally financed projects. This would effectively discourage the private industry from initiating any more projects, even where demand begins to balance supply.

The daily newspapers are bulging with an unprecedented number of ads offering brand new and modern apartments at rentals well within the economic capabilities of moderate income families. Last Friday's Newark Evening News alone devoted 4 pages to ads listing apartments for rent - principally in new buildings - at rentals ranging from \$22.50 per room up, including free heat, free hot water and in many cases free gas, free electricity and free air conditioning. I call your attention to these ads.. I will give them to you.

[Submits ads to Committee members.]

I would like you to look at these because I think you will be shocked.

What responsible survey has been made - by whom - showing a shortage of middle income housing in New Jersey? The proponents

of the bill say there is a shortage of 100,000 units, which is a very nice round number. Where did they get this figure, and where is the substantiation for it? We would like to have the names and addresses of these 100,000 families - if they exist - so that we might offer them the thousands of desirable middle income apartments that we've been unable to rent, even with concessions of free rent.

Perhaps many of these invisible 100,000 families are not actually in need of standard housing at market rentals - what they would like is standard housing at rentals far below their ability to pay.

A-770 further declares that to fill this non-existent, mythical need for middle income housing, it is necessary to create a public agency to encourage the investment of private capital, and stimulate building through public financing; that THE ACQUISITION OF LAND, CONSTRUCTION, FINANCING, MANAGEMENT, OPERATION, MAINTENANCE AND DISPOSITION OF DWELLING UNITS IS A PUBLIC USE FOR WHICH PUBLIC MONEYS MAY BE SPENT, ADVANCED, LOANED OR GRANTED. This is the essence of this bill, in all its naked boldness. A-770 spells out the extent to which the state would involve itself in the housing industry under the guise of meeting a non-existent need for some of its people.

This would be accomplished by setting up a New Jersey Housing Finance Agency in the Department of Community Affairs, empowered to exercise public and governmental functions.

This NJHFA would contract with a "Qualified Housing Sponsor", which could be almost any type of profit or non-profit Corporation, Urban Renewal Corporation, Co-op, or Condominium group, for the construction of housing for families of "moderate income."

The definition of "Family of Moderate Income" is as wide open as a barn door in summertime; it means a family "(1) whose income is too

low to compete successfully in the normal rental or mutual housing market" and "(2) whose gross aggregate family income does not exceed the limits established under section 10 of this Act". The bill does not say that the family with aggregate income of \$10, \$20, or \$30 thousand per year would not qualify - such a family would, and legally could.

The NJHFA would finance the construction, or in the case of existing projects, the purchase and rehabilitation of multi-family projects. In the case of profit corporations, the NJHFA would grant loans up to 90% of the total project cost; in the case of non-profit or mutual organizations, 100% of total project cost. Interest rates would be set by the NJHFA, and the term of the loan could be up to 50 years.

The NJHFA would even advance INTEREST FREE money to a qualified housing sponsor, if it were a non-profit corporation or mutual organization, for advance planning, feasibility studies, option money, purchase price of land, legal fees, organizational expenses, architectural and engineering fees, etc., etc.

To obtain the funds for these loans to qualified housing sponsors, NJHFA would float bond issues which would be legal investments for banks, savings and loans, trust companies, etc. These would be tax exempt revenue bonds, and since they would NOT be backed by the full faith and credit of the State, would not require endorsement by the public at referendum. I think it was clever of the sponsors to switch from the full faith and credit bonds provided for in previous editions of this housing bill, since

they were undoubtedly reminded that an attempt to foist a similar deal on the public in 1949 resulted in defeat at referendum by a vote of nearly 3 to 1.

We challenge the proponents of this housing program to allow the public to determine at referendum whether the people of New Jersey should subsidize middle-income families, and increase their own burden of taxation to satisfy a non-existent need.

There is absolutely no limitation on the amount of bonds NJHFA could float - it could be \$100,000,000, \$500,000,000, a \$1,000,000,000 - or more. The Commissioner of the Department of Community Affairs is quoted as stating that \$250,000,000 would provide a "meaningful start."

If the projects were not sufficiently self supporting to pay all operating costs plus debt service to the NJHFA, and maintain adequate "minimum capital reserves", this would pose no problem since the Agency is authorized to request the Legislature for annual appropriations, and if the Legislature is unwise enough to pass A-770, it would have no choice but to sign THIS blank check each year.

While the bill is labelled "An Act to facilitate the construction and rehabilitation of housing projects in certain areas for families of moderate income" it is interesting to note that the projects to be assisted may include stores, offices, health, educational, recreational and welfare facilities, which comes dangerously close to describing a completely self-contained community.

Should the taxpayers be put in the position of also subsidizing commercial enterprises?

Eligibility limits for these projects are as elastic as a rubber band. The only thing factual is that a family of 3 or less - and a family could be a single individual - could not earn more than 6 times the annual rent, or in the case of a co-op or condominium, 6 times the

carrying charges. The rent or carrying charge includes heat, light, water, sewerage, parking and cooking facilities. In the case of a family with 3 or more dependents, it's 7 times. Let's assume a rental of \$150 month or \$1800 year; the tenant could earn $6 \times \$1800$ or \$10,800 and be eligible for admittance - B U T once in, family income could increase by 25% to \$13,500 year and they could legally remain. A family of husband wife and 2 children would be eligible for admittance if their income did not exceed $7 \times \$1800$ or \$12,600; and could increase by 25% to \$15,750 and no one could put them out.

Suppose the husband, wife and 1 child wanted a \$200 month apartment? Their income could be $6 \times \$2400$ or \$14,400 when they move in, and could increase to \$18,000, while they are living there. A family of 4 could move in with an income of \$16,800 ($7 \times \2400) and stay there even if their family income increased by 25% to \$21,000!

But even these figures, as ridiculous as they are, fail to tell the whole story. Even if family incomes exceed these sky high ceilings, a seriously over income tenant could stay on for 6 months at the same rental, and beyond that if no "suitable alternate dwelling" is available, by paying a slight surcharge in rent.

In addition, in computing family income, there may be EXCLUDED from incomes "(1) reasonable allowances for dependants (2) such reasonable allowances for medical expenses (3) all or any proportionate part of the earnings of gainfully employed minors or family members other than the chief wage earner, or (4) such income as is not received regularly, as the agency by rule or regulation determines". Thus true, actual family income could be legally double the maximums set or more.

According to figures released by the Department of Conservation and Economic Development in their pamphlet titled "Facts and Facets" dealing

with New Jersey's work force, New Jersey's women are more inclined to work outside the home than are most other American women; almost 1/3 (32.7% of the State's total female population can be found in the labor force. Under A-770 a wife's income could be excluded in computing total family income.

But in effect there ARE no top limits, either as to amount of maximum rent, or amount of annual income.

Even the Federal Government's generous 221-D-3 sub-market interest rate program establishes inflexible income ceilings. For example, in Newark the ceilings are as follows:

For 1 person household maximum income cannot exceed \$5,950

For 2 people household maximum income cannot exceed \$7,250

For 3 and 4 people household maximum income cannot exceed \$8,500

For 5 and 6 people household maximum income cannot exceed \$9,800

For 7 or more people household maximum income cannot exceed \$11,050

"Persons displaced by Urban Renewal projects, highway programs or other public works, persons living in substandard housing, persons and families who, by reason of family income, family size, or disabilities have special needs, elderly persons", etc. would enjoy priority of admittance. These priorities are so wide in latitude, that the opportunity for political favoritism is obvious.

Before any application for a loan for construction or rehabilitation could be approved by NJHFA, the "Qualified Housing Sponsor" would have to file a certified copy of a resolution adopted by the municipality in which the project is located, reciting that there is a need for moderate income housing in the municipality. This might prove a deterrent in some small towns, but would hardly place an obstacle in the path of sponsors desiring to build in the larger communities, where political pressures generate acquiescence to almost every demand - particularly where housing is concerned.

In any event, the bill does not require an accurate survey as a prerequisite to the adoption of a resolution of need, and could be

simply an arbitrary, self-serving statement.

While real estate tax exemption or abatement is not a requisite for the obtaining of a loan from NJHFA, a careful reading of the bill leads me to believe that some such agreement with affected municipalities would be encouraged, if not required.

NJHFA could impose controls over rentals, profits, dividends, builders and developers fees, AND THE DISPOSITION of the sponsor's property.

Not only would this new State agency invade the real estate, construction, management, and mortgage financing fields, but A-770 would empower the NJHFA to buy and sell, service and warehouse FHA, VA and other Government mortgages in direct competition with mortgage bankers, bankers, savings bankers, Life Insurance companies and other privately owned companies. This activity could be wholly apart from the announced intent to assist the construction and rehabilitation of moderate income housing in New Jersey, and would set still another dangerous precedent for the usurpation of private industry in our State.

The bill would appropriate \$50,000 "to carry out the purposes of this Act" whatever that means. Certainly \$50,000 would be only a drop in the bottomless bucket of staffing, equipping, housing, and operating this latest and potentially most bureaucratic State agency. If A-770 becomes law, we could count on ever increasing annual appropriations IN ADDITION to the annual appropriations to maintain "minimum capital reserves".

It is clear to anyone making an objective analysis of A-770 that this legislation is not in the public interest. The taxpayers of New Jersey are already staggering under a tremendous tax burden. Many of these taxpayers would be forced to support even greater taxes to subsidize families earning more than they do. We would like to call to

your attention the subsidies involved in the tax exemption of NJHFA's bonds; the local real estate tax exemption feature; the taxes needed to maintain adequate minimum capital reserves; and the taxes required to support still another State agency - the NJHFA. In addition, A-770 would duplicate existing machinery. We already have:

1. Federal Urban Renewal programs, with vast grants and loans.
2. FHA 221-D-3 submarket interest rate mortgage loans.
3. Special assistance loans through FNMA
4. Federal rent supplement programs
5. The "regular" FHA rental housing, co-op, and condominium facilities
6. Direct loans for housing senior citizens.
7. FHA insurance of loans for land development.
8. Federal public housing.
9. FHA and VA loans for home purchase, with little or no down payment and easy monthly payments.
10. Fox-Lance-Crane tax limitation.
11. FHA home improvement programs under 220-H and 203-K.

----and many others.

According to latest census figures, there are 1,581,186 families in New Jersey with a median income of \$6,786 a year. If A-770 is enacted into law, approximately 1,400,000 families, earning less than \$15,000 per year could qualify for subsidies.

It is respectfully urged that the Legislature reject A-770, and emphatically end this recurring annual threat to the integrity of private enterprise in the housing field and to the taxpaying public.

THANK YOU

ASSEMBLYMAN WOODSON: Thank you very much, Mr. Scott.

I want to refer to the exhibit that you handed us. I note that there are a number of apartments available, but in most instances it is indicated that these complexes are located "35 minutes from Newark," "50 minutes to New York City." Most of them are in suburbia. I am wondering even in suburbia, how many of the \$109 apartments are presently available. In one ad particularly you have "Only \$125 for an apartment, just a few available; act fast." How many of these smaller apartments or these apartments that are in the bracket that I have just mentioned are really available to citizens?

MR. SCOTT: Well, I can't give you the actual number, Dr. Woodson, because we didn't have time to make the survey that I am sure would have been very enlightening. I just wish that this hearing had been postponed. The bills were only introduced recently and we only received copies very recently and we devoted our time to a study of the bill, which in itself took quite a long time. If we had had the time to survey the managing agents, most of whom are realtors throughout the state, we would have come up with the thousands of available offerings that are located close to the cities, if not actually in them. Many of them are in the cities. For example, you have vacancies in the Colonnade in Newark. You have them on Mount Prospect Avenue in at least three projects that I know of, 515, 555 and the Abbington Towers at 550 Mount Prospect, and they all have vacancies, substantial

vacancies. You have many others in the other cities of the State located right inside the city corporate limits. Now the actual number, I can't tell you. If you would like, we could, if we had enough time, make a survey and furnish you with that information.

ASSEMBLYMAN WOODSON: Some of your statements appear to be at variance with experiences we have had in the municipality with which I am most familiar, the City of Trenton. We do have available for the citizens, of course, certain apartments located along State Street, facing the Delaware River. But we discover that most of these apartments are beyond the reach of the average citizen who is most adversely affected by urban renewal and by general deterioration in center city. We cannot find in our community adequate housing for a large number of people. Yet I continue to hear that housing is available to them. But at the same time, the municipality finds it difficult to even relocate these people.

MR. SCOTT: Doctor, I would like to point out something that I think is extremely significant. In the first place, this bill is not going to do anything about two of the major problems of housing, particularly in the cities: Number one is the high cost of land. This bill doesn't do anything about that at all. Number two is the high cost of construction which is the result of the high cost of materials and labor today. This bill doesn't do anything about that. The only thing that this bill attempts

to cure is the cost of high mortgage money by the subsidy route. Now this is only going to result in slightly lesser rentals and when you offset that by the increased cost resulting from the bureaucracy and red tape that is inevitable in this type of a program, it is my prediction that this housing will cost more than privately-built, privately-financed and privately-managed housing. So I don't think you are going to accomplish anything, except disrupt the entire housing industry if this bill is passed.

ASSEMBLYMAN WOODSON: In the City of Philadelphia, located just off of Broad Street a non-profit corporation has already erected a large number of apartment dwellings and private homes, all of which are presently occupied. And it is indicated by the city that they are desirous that other non-profit corporations become involved in this kind of housing because it meets a very great demand. What would be your reaction to such a stated need?

MR. SCOTT: Well, I have made no survey in Philadelphia, Doctor. I have no idea.

ASSEMBLYMAN WOODSON: Philadelphia would be similar to Newark, New Jersey, or Trenton, New Jersey, or other municipal centers in New Jersey, Jersey City.

MR. SCOTT: Well, there are many cities throughout the country that allege they have a need for x number of units. I have never seen a survey. I have never heard of a factual survey in any city in America where they actually demonstrated the need.

They have letters from people who say, "I am in need of housing." When you run some of these down, you find out that they well qualify for privately-owned housing. They just don't want to pay the rent. They think it is just too high. They would like to have something cheaper. Well, this is a natural desire and I can't blame them for it. But should it be done at taxpayers' expense?

ASSEMBLYMAN WOODSON: The final question that I have to ask: You indicated in Newark the Colonnade Apartments, 555 Mount Prospect, I believe it is. Aren't these luxury apartments?

MR. SCOTT: Well, I wouldn't say that they ---

ASSEMBLYMAN WOODSON: Wouldn't you say that these are luxury apartments, the ones that are vacant?

MR. SCOTT: I wouldn't say they are luxury apartments. They would be eligible under this bill.

ASSEMBLYMAN WOODSON: Beg pardon!

MR. SCOTT: They would be eligible under this bill.

ASSEMBLYMAN WOODSON: Any other questions?

ASSEMBLYMAN GRECCO: Yes. Through you, Dr. Woodson, in support of your position you indicate that there are vacancies on page 2 and 3 and that there are many mortgage defaults. Are you prepared to give authoritative substantiated evidence as to why there are vacancies and why there are mortgage defaults?

MR. SCOTT: Yes, I can tell you very simply. They don't have the tenants to fill the apartments.

ASSEMBLYMAN GRECCO: Is this as a result of research?

MR. SCOTT: Well, it is a matter of fact. These apartments have gone back to the FHA.

ASSEMBLYMAN GRECCO: Why are there vacancies and why are there mortgage defaults?

MR. SCOTT: Because they couldn't find enough tenants to fill the vacancies and as a result the sponsor, the original sponsor, of the project lost it to the lending institution, which in turn turned it back to the FHA. Now the FHA is having the same experience. They can't find tenants to fill them either.

ASSEMBLYMAN GRECCO: And you have authoritative research information to substantiate these claims?

MR. SCOTT: I quoted only the FHA ones. That is all I could give you on short notice because you could call the FHA and get them over the phone. The only way I could get you the ones that have been taken back by private institutions under conventional financing would be by making a survey. This would take some time. We would have to write to all the lenders in New Jersey and ask them how many projects they have taken back, containing how many units, because there is no central clearing house for that as there is in the case of FHA.

ASSEMBLYMAN GRECCO: I think in order to solidify your

position, we ought to know the reasons why. Don't you agree?

MR. SCOTT: Well, I can tell you this, that if you pick up any newspaper in any city you will see foreclosure notices there involving projects. It has been going on for a long time. There are going to be more.

ASSEMBLYMAN GRECCO: I quite agree. Give us the evidence of that. I think to make your position more solid we ought to have some authoritative, factual information as to the reasons why these apartments are vacant and as to the reasons why there are mortgage defaults.

MR. SCOTT: Well, the basic reason is lack of potential customers. Now you can talk about location or anything else, but the main fact is that these projects which were soundly conceived in the opinion, for example, of FHA, in the opinion of the lender, in the opinion of the sponsor, the builder.-- Everyone involved thought this was going to be good. There was a profit motive involved. They wouldn't have conceived or initiated, started and built these projects unless in their opinion they were going to be sound and they would rent. The result is that they haven't rented to the point that they lost them through foreclosure. And there are many, many more in this same position. As I said, if we don't find the tenants for them soon, still more are going to go back to the lenders through foreclosure. We just don't have enough people to fill them. We have an over supply in most places.

ASSEMBLYMAN GRECCO: Well, thank you very much.

However, I don't think you have answered my question and I think in order to be convinced I should have some documented research material to support your position.

MR. SCOTT: Well, I don't quite understand you then, I am afraid, Mr. Assemblyman. You are asking me to tell you why each individual project was foreclosed and the only basic answer is that they didn't have the income to meet the operating expenses and the debt service charges. That is the basic reason. Now, there may have been individual reasons why a tenant did not take a particular apartment in a particular project. But this would be something that would be impossible to give you. All you can do is look at the facts and the facts are that the people just didn't rent them - brand new buildings.

ASSEMBLYMAN WOODSON: Mr. Henderson, do you have any questions?

ASSEMBLYMAN HENDERSON: Well, I would like to make a statement. As I understand Mr. Scott - and it makes some sense - if we were to embark on an urban renewal program, we would be on the right track if we tore down the substandard houses and built no other ones. You would say there is plenty of housing available.

MR. SCOTT: Well, Mr. Henderson, first of all I would like to correct a misunderstanding that seems to be very prevalent throughout the country. There isn't enough money in the world

to tear down all of the substandard housing we have and rebuild it overnight with new construction and it isn't necessary. If the cities were to enforce the codes that they have right now and that they are supposed to enforce, we would have standard housing without expense to the taxpayers. This can be done. It can be done quickly. Now some cities have made a start in that direction. Others are beginning to start. But there are any number of substandard units throughout the country, not only in New Jersey, that could be brought into standard condition relatively cheaply and very quickly if they would only enforce the codes they have on the books right now.

ASSEMBLYMAN HENDERSON: Well, it still amounts to what I said. You could have an urban renewal program and you wouldn't have to provide new housing then because, as you mentioned, there are plenty of apartments and houses available.

MR. SCOTT: Yes. I think you are saying the same thing I am saying in just a little bit different way.

ASSEMBLYMAN HENDERSON: This is the way I understand your statement.

MR. SCOTT: What I am trying to point out is that it doesn't necessitate the bulldozer approach where you tear everything down. It is not necessary. Many of these units are substandard in only slight respects and can be very quickly and effectively ~~corrected~~ at a minimum of expense if they just enforced the code. You don't have to tear them down and replace

them.

ASSEMBLYMAN HENDERSON: Well, it is a little late now to enforce any codes on some of the things I am thinking of, some of the development and redevelopment programs.

MR. SCOTT: On the contrary, it could be done right now.

ASSEMBLYMAN HENDERSON: Well, it could in certain instances, but some of them - there were no codes to enforce because they were such substandard dwellings that it wouldn't stand for any improvement. I am talking about and thinking about these projects that have existed along the rivers, not only in New Jersey but in other states in the United States. It seems to me as we sit here and listen - and I am not destructively critical of what you have said - that there is plenty of housing to take care of any urban renewal program which we are apt to embark upon.

MR. SCOTT: That's correct.

ASSEMBLYMAN HENDERSON: This is the way I understand it.

MR. SCOTT: That's correct.

ASSEMBLYMAN HENDERSON: I don't know if I can prove it or you can either - not that I doubt you. You are in the insurance business and you would be foolish to come here and make statements which you couldn't support. But this is the way it unfolds to me as I sit here and listen today. And you agree that this is probably the solution - that we should have an

urban renewal program and do the good things that we attempt to do, but we wouldn't have to be too concerned about where the people were to be relocated because there are apartments and housing around.

MR. SCOTT: That's correct.

ASSEMBLYMAN HENDERSON: All right. Thank you very much.

ASSEMBLYMAN WOODSON: Thank you very much, Mr. Scott.

I would like to introduce in the record a letter from the Honorable Ralph G. James, Mayor of the City of Wildwood, and I would like to read into the record a paragraph from his letter supporting Assembly Bill 770: "Under Assembly Bill 770, mortgage financing for the construction and rehabilitation projects for housing moderate income families would be provided to qualified housing sponsors, and thereby expedite new housing facilities which are sorely needed for the families whose levels of income are not adequate." This would seem to be at variance with at least the last statements we have heard.

In addition I would like to introduce in the record support for A 757, 763, 765, 766, 767, 768 and 770, by Mr. Vincent Brinkerhoff, Commander of the Department of New Jersey, Veterans of Foreign Wars of the United States; and a further statement in support of A 770 submitted by H. Philip Minis, 74 Wilson Road, Princeton, New Jersey.

At this point I would like to call Mr. Arthur Padula, President of the Builders, Owners and Managers Association of

New Jersey.

A R T H U R P A D U L A: Mr. Chairman, ladies and gentlemen:
My name is Arthur Padula. I am a redeveloper in the City of Jersey City, having been appointed to do the downtown area with a scope of \$350 million. I have been appointed as the official redeveloper in the City of Newark with Newark's Weequahic Park Improvement Plan that will involve \$150 million. I have been appointed by the Catholic Church, the St. Rose of Lima Church, to do a redevelopment job in Newark that envisages \$50 million. I am a Rear Admiral Select in the Navy, civil engineer, 24 years of Federal service. I am a professional appraiser. I am a realtor. And I have spent a lifetime in the building industry. I am President of the Builders, Owners and Management Association, which represents 28,000 tenants.

I feel that the function of an organization is not to represent the people in it, but the function of an organization is to render a service for the people. I am totally in favor of this middle-income housing bill.

I am a member of the New Jersey State Association of Realtors and I am a member of the National Association of Home Builders. I do not speak on behalf of the Realtors, as an organization, nor do I speak on behalf of the Home Builders, as an organization.

I speak on behalf of our own organization, the Builders, Owners and Management Association, who have a wide disparity in thinking between realtors and between home builders and

between ourselves.

Number one, the President of the United States stated succinctly the need of housing in the United States. The Congress has stated the need for housing in the United States. The governors and the mayors and the people have stated the need for housing in the United States. And the problem -- we ought not even to discuss it any further as to whether there is a need. Of course, there is a need. The problem is: How do we get houses at prices that people can afford to pay? And that is how simple the issue is.

We know that we make 150,000 Cadillacs a year at \$5,000 a car. We know that we make 35,000 Lincoln Continentals at \$7,500 a car. But we also know that we have three and one-half million Chevrolets and a million and one-half Fords.

The reason for the defaults in the City of Newark that Mr. Scott alluded to is that the rent is too high. It is just that simple. When you have, as we do now, a situation where a two-bedroom apartment, living room, dining room and kitchen, costs \$50 a room rent or \$300 per month rent, how many people in God's name can afford it? What policeman, what school teacher, what fireman, what secretary, what legislator, if you please, can afford \$300 a month rent?

ASSEMBLYMAN WOODSON: Thank you very much.

ASSEMBLYMAN HENDERSON: We are still going to listen to the rest of your story.

MR. PADULA: Therefore, to go on with this, the problem is not whether we need housing - this has been decided over and over and over again - the question is: How do we get housing at prices that people can afford to pay?

I would like to invite your attention to the published figures on the part of the Federal Housing Administration, which, as you know, was established in 1933 for the purpose of being the backbone of housing in the United States. In 1949, they produced 242,015 rental housing units. Last year, 1966, they produced 44,016. Therefore, the Federal Housing Administration, the backbone of this housing situation in the United States, has lost 80 per cent of its volume and the Federal Housing Administration program obviously, as any program that loses 80 per cent of its volume, has failed. This is incredible, but this is a fact.

In the State of New Jersey, for your information, it is true that in Newark, for example, they won't issue any more commitments; that is, any more commitments under economic basis 207, for example, because there are three defaults. There are going to be more defaults. And why are there going to be more defaults? - because people can't afford to pay the rent. If you reduce that rent from \$50 a room to \$30 or \$35 a room, the market is unlimited, sir, unlimited.)

The first point I want to make is: Let us not talk about need; let us talk about need at a price. And you are exactly

right when you referred to those advertisements, and mine happens to be included. I have to get \$50 a room, FHA room count which means \$60 a room the way your wife counts. She walks in and says, "How many rooms are there here?" The FHA says, "Four and three-quarters." She says, "I see three and one-half." You know what I am saying. It makes one great difference.

Now let me refer to the program that the Federal government established that has been alluded to here called the 221-D3 program that Mr. Scott also alluded to. This program was designed to house people of the low bracket area and the low middle income area. Mr. Fino of New York; Mr. Addonizio, now Mayor Addonizio, served on that committee, of Newark; Mr. McGrath of South Jersey served on that committee. We know four of the members who have served. Florence Dwyer of Union County served on that committee. And from firsthand information they thought that they had passed a housing bill that was going to house the middle-income people of the United States.

Let's try to decide what middle income is. God knows that middle income maybe in Delaware is one thing. Middle income in Chicago can be another thing. Middle income in Newark can be another thing. And middle income in South Orange can be another thing. The fact of the matter is that in the United States 43 per cent of the people earn between \$4,000 and \$10,000. Sixteen per cent earn more than \$10,000, and the remainder earn less than \$4,000. I think that is middle income.

It is the middle of the income group. Make no mistake about it.

Now, number two, these people who are referred to as the middle-income people are the people who are the backbone of society - the policeman, the school teacher, the fireman, the civil service worker, the government worker, the white collar worker, the bank clerk. These are the people who are the forgotten people, don't you see? They don't get a low enough income to qualify for supplements and aids, nor are they wealthy enough to compete in the open market for the housing costs that exist today. They are the forgotten men and they are the people of the middle-income group that we are trying to reach in the metropolitan area.

Now when you take a look at Jersey City and see a city with the highest juvenile delinquency rate in the State, with the highest tuberculosis rate in the State - when you look at this area where nobody can walk down the street any more with any degree of safety, where no self-respecting person would even have his wife walk down the street at night, where the city is a hundred years old, where the sewers were made of wood and have collapsed, where railroad yards are lying vacant, where buildings are dilapidated having outlived their economic life - there is nothing that can be done to repair them with any economic degree of safety - we know one thing, not even the city can afford speciously the luxury of a slum. Nobody can

afford the luxury of a slum. Therefore, this problem has to be met. The President has said that 78 per cent of the people in the United States live in cities and by 1975, 85 per cent of the people will live in cities. And the President has said that the most valuable asset we have is people. Therefore, if we want to do the thing for the most valuable asset we have in this country, we have to do something about people. Food is the number-one requirement for human existence. Housing is number two, as you know; and clothing is number three. So we are dealing with the second most important commodity of life. It is not a statistic anymore and we ought not to base our judgment here on statistics. Let's base it on a little heart, if you please.

In the Federal Housing Program, the ~~221-D3 program is total unworkable today.~~ Why? Let me tell you why. First, they used the 1960 Census as the basis of income. The day that the Census was published it was 18 months old. So it was in error to begin with. Number two, since 1960 - and we will all agree to this - people's incomes have gone up 22 per cent. Income levels remain constant. Number three, the cost of construction since 1960 has gone up 27 per cent. This is not reflected. Number four, the actual mortgage arrived at is arrived at by a basis of people's income and, God knows, there can be no relationship between people's income on one hand and the cost of construction on the other hand. In fact, there may be a

greater relationship in the direction that the wind blows - purely specious. Our experience now is in Jersey City in a 221-D3, we can't find people with incomes low enough to move in and the building is virtually going to go in default because we can't find people to meet the governmental restrictions. This is one of the most onerous things that exists in the country and you ought to be aware of it here.

Now, next, what are the factors of cost in housing?

Obviously we begin with the cost of land. It was stated here that you are not doing anything about the cost of land. You don't have to. Title I of the Federal Housing Administration can take this land, as you well know, in a blighted area, in an urban renewal area, and write it down to an economic use and the Federal government assumes two-thirds of it and the city assumes a third and now you have the basis of that land at a write-down. You don't need any other instrument of that kind. That already exists.

Now, number two, mortgage money. In Jersey City last year I was looking for \$6,785,000 with interest at 5 1/4 per cent for 39 years and 11 months and do you know what the bankers had the audacity to ask me as a premium? - 10 points - 10 points for financing charges, with a smile, if you please. So when you figure interest rates, you then say, "Is it available at that rate?" And the answer is, no, it is not available at that rate. We are not here to have an academic discussion.

We are here to have a practical discussion, and it is the first time that I have appeared in this legislative hall, by golly, as a man who is on the firing line and actually building. I am not a rabbi and I am not a priest and I am not a school teacher. I am a builder and I understand this thoroughly, having built 38 per cent of everything that was built in Newark since the war. It is a considerable record of progress.

Now, let's get to the next item of cost, the term of the mortgage. It must be obvious to everybody, the longer the term, the lower the carrying charge. The carrying charge itself is higher, but the monthly payments we make in paying off that mortgage are lower. So there is a need of the 50-year mortgage. What's wrong with a 50-year mortgage? In Holland they write them for a hundred years. The economic life of a fully fire-proof building is established now by the FHA at 55 or 60 years. Everything that I build has an economic life by the FHA of 55 years. There is nothing wrong with a long-term mortgage of 50 years on a fully fire-proof building. To be sure, there is a great deal wrong with a 50-year mortgage on a building if it were built like a tent or if it were built out of plywood or if it were built like a cheap house. But on full masonry and concrete, with steel and aluminum, as we are accustomed to build in the metropolitan area, a long-term mortgage is a very economic thing.

Next, the cost of money. We in Newark have just experienced

an increase in tax rates of 30 per cent this year. We were told that if we had a sales tax we weren't going to have, as you know, a continuing burden on real estate tax. We happen to have both. We don't blame anybody for it. Why? The enigma of a city reminds me of a person trying to raise himself by his boot straps. It is impossible. It is impossible for a city like Jersey City that is virtually bankrupt, that has accounts receivable from railroads that are bankrupt, that may have seven or eight hundred thousand dollars in cash, and that's all, and that's questionable, to rebuild itself, to rehouse itself. Witness the fact that 100,000 people have left Jersey City in ten years. Look what has happened in Newark. Eighty thousand people have left Newark in ten years. Look what has happened to our crime rate. Look what has happened to our delinquency rate. Look what has happened to area after area in Newark, and I was born at 14th Avenue and Spruce Street and I am a product of the slums. I came from Italian parentage. I know what I speak about. Must have State and Federal aid! Can't be any question about it!

Now we have arrived at this point where for years we keep saying, "Well, everybody turns to Washington. Everybody turns to Washington. Everybody turns to Washington. Why don't you states help yourselves?" And that is exactly what we are trying to do in the middle income state housing bill. For the first time, sincerely, I see the possibility now of a middle income housing

bill in the State to do what? - to house people at prices they can afford to pay.

Now, let's talk about tax exemption. You can't get enough money out of a slum to give it the necessary police, fire and welfare protection, as you know. So with tax abatement under the Limited Dividend Corporation, which was alluded to earlier, or the Fox-Lance Bill, which was alluded to earlier, that 15 per cent of the net will really produce more income than was produced in the same area before it. As a matter of fact, as you know, the basis of it is that you have to pay the same as you got prior and then you pay an excess, when, as and if it is created. So you start with the base. For example, in Jersey City, they were taking from this ten-acre plot that I am referring to called Gregory Park, \$67,000 a year in total taxes. I put \$17 million worth of construction on it and they are now getting \$267,000 in income and I have avoided and eliminated the slum. This is the point that I am trying to make.

Now let's get to the next concept. In the old days people thought - well, the way to clear a slum is to take one corner, a little bit at a time - you know, the trial and error method - and we'll take and build one building in the slum and that one building will clear the area. Much to our regret we found that the forces of the slum overcome that building long before that building overcomes the forces of the slum. It is the same with cancer. If you have a cancer in the hand and you take

out a little bit, you don't cure the cancer. You have to take out an area that is big enough and strong enough to withstand the economic and sociological forces of that slum. Therefore, this program must be done on a massive basis because what are we trying to create? - environment. Environment for whom? - for our people to live in. And at what prices? - at prices that they can afford to pay. And you can't accomplish this unless you have long-term money, low interest rates, and tax exemption, and obviously land that you can get the highest and the best use. While the cost of the land is high in the city. Take the city of Newark with 25 square miles. We can't build one-family houses anymore in the city. In the City of Newark a plot of land, three-quarters of an acre, 35,000 square feet, would probably cost twenty or twenty-five thousand dollars. What one-family house can you build on that? But God gave us something free. It is air, light and space, and it is free. So the concept of the city, of course, is that we go up in the air in high-rise construction to achieve maximum use out of the land. Witness the fact that in Weequahic Park Tower I have 205 families on 36,000 square feet. I have 265 in Weequahic Park Plaza on 38,000 square feet, less than an acre. Everybody has light, air and sunshine.

Now, another point I want to make about this - you can't expect any bill that is created by the Congress or this Legislature to be perfect. Obviously you depend upon the Commissioner

to adopt working rules and regulations to carry out the intent of the legislation. You have that now in the Minimum Wage Act, as you know. Therefore, to sit here and pick this bill apart at this time is really specious. We can only get the broad scope. The mechanics of working out this bill will change from day to day and year to year. For example, the minute the sales tax was passed, the three per cent sales tax, that increased the cost of operation. The minute that the State Minimum Wage Act was passed making people work only 40 hours a week and time and a half for 48 hours, that increased the cost of operation. The minute the Federal Wage Act was passed February 2nd of this year, this increased the cost of operation. In fact, if you take 1913 as a base of 100, the cost of construction today is 655 per cent, six and one-half times.

Now I ask you over the life of a mortgage, 40 years, what is it going to cost 40 years from now? And what formula can you make today with rigidity to encompass what is going to happen over the economic life of this mortgage, 40 years? Therefore, you must have flexibility in your formula and in your thinking. And how do you get flexibility in your thinking?—by having a Commissioner change the working rules and regulations to carry out the intent of the Legislature and to cope with the conditions as they change. There can't be any question about that. And I have great faith in the Commissioner and have great faith in the fact that the Commissioner will have an Advisory Committee

and this Advisory Committee will advise him in many of these problems that we have in connection with this housing.

There is one other facet. We know that the whole concept of a mortgage comes from our forefathers. Yet a mortgage is unwieldy, takes time to foreclose, usually a year before you can foreclose. There are all kinds of legal defenses. In addition to that, when a mortgage gets to be 7, 8, 10 million dollars, maybe there are 13 financial institutions that will buy them; not that they are not capable of buying them, but they won't buy them because they don't want to put all their eggs in one basket. So we find that as these jobs get larger and the mortgages get larger, we have difficulty in obtaining money. Even with FHA insurance, I just recited the fact that they asked for a 10 point bonus where in the event of a default Uncle Sam would give a debenture of government bonds. Still, they wanted ten points.

So with this Commissioner I envisage the use of a bond, and he talks about and the bill talks about a bond. Why? Having a bond will give you liquidity. What do I mean by liquidity? All four of you could buy a \$50 bond and participate in this mortgage. Twenty pension funds could buy a \$100 bond, but no one pension fund could buy the large bond. People in the street could buy the bond. The fact of the matter is that the bond concept will give us a larger base, a larger field of money, and will give two things - participation and liquidity, both of

which will be reflected in the final interest rate that will be resolved. Tax exemption, of course, it's tax exempt because it is in the interest of the public good and I ask you whether housing should come second to the Turnpike, for example, in need to people?

I am sorry I have taken so much time. This is a very, very wide subject. It is endless. I don't think we are ever going to sit and solve the problem at any one time at any one place. But I am delighted to see the State of New Jersey pick up where New York has begun sometime ago with the Mitchell-Llama Bill. We have refined many of the extremes of experience and I think and I pray that what we are doing is in the interest of the public good. Thank you.

ASSEMBLYMAN WOODSON: Thank you, Mr. Padula.

Let me interrupt for just a moment and indicate that I would like the record to show that the Honorable J. F. O'Connor, Senator from the 13th District, County of Bergen, and Chairman of the Senate Committee on State, County and Municipal Government is now present.

Are there any questions that any member wishes to ask?

ASSEMBLYMAN HENDERSON: I would like to ask Mr. Padula a question. Mr. Padula, you mentioned in Newark there was a slum area and 80,000 people had left. Is this right?

MR. PADULA: Yes, sir.

ASSEMBLYMAN HENDERSON: And then you took some land in

Jersey City and spent how many million dollars, \$200 million, was it?

MR. PADULA: No, the thing will run \$350 million. We have just finished a \$20 million phase of it, the beginning phase of it.

ASSEMBLYMAN HENDERSON: What I wanted to know and what I am most interested in is: What became of the people that lived in these two areas?

MR. PADULA: This is an amazing thing. First, the Federal government destroyed the area, condemned it. The steps were these: They made a resolution, they declared it a blighted area, and then they knocked down buildings with a bulldozer approach and the land lay there for seven years and the city received no income and the Federal government refused to finance the very thing that another branch of the Federal government had agreed to do. After seven years, they finally got a tiny start and that tiny start went into bankruptcy. Then there was more chaos and then I came into the picture. I know that Rev. Carey, a Catholic priest, and this town is 88 per cent Catholic, used to ask the people on Sunday to pray that this housing would ultimately get under way. God heard him, I guess, and it did get under way.

But to answer your question specifically, these people left the community entirely. Now what we are finding happening is that we are bringing back two kinds of people basically:

young married people who are starting out in life, who represent about 22 per cent of our need, and elderly people who can no longer live in houses, who can't afford to live in houses, who can't shovel snow, who don't want to be concerned about painting and decorating and so forth, who have turned to this way of life. I remind you, sir, that apartment-house living at the present time accounts for about 36 per cent of the production in the United States.

ASSEMBLYMAN HENDERSON: And in Jersey City, it is the same situation?

MR. PADULA: Exactly.

ASSEMBLYMAN HENDERSON: People just went somewhere else.

MR. PADULA: Just abandoned the city is what happened.

ASSEMBLYMAN HENDERSON: In other words, they were forced to move.

MR. PADULA: No question about it - no choice - no choice - just displaced like cattle.

SENATOR O'CONNOR: Mr. Padula, I would like to ask a question. You have done quite some building in the major cities.

MR. PADULA: Yes.

SENATOR O'CONNOR: Do you think it would be a good idea if we adopted a plan similar to what they have in Rome or Paris or London where any high-rise building that is built, office or residential, is required to have underground parking?

MR. PADULA: I was in Rome last summer and I was in

Hongkong last summer and examined both of these plans very carefully, so I am going to speak first hand of what you say. The answer has to be yes. Now let's see why. In the City of Newark today an acre of land is worth a minimum of \$25, \$30, \$40 thousand. Therefore, if you had a 200-family building and you needed five acres of parking, the cost of parking is excessive both by way of land and, secondly, the use of the land is not being put to its highest and best use. Third, it has to be policed. If not, you have all kinds of problems. Then you have people who have to walk this distance back into the building and elderly people and lame people with snow and night and a lot of other things don't want to do it. Therefore, underground parking underneath that building solves a great many problems. First, security, and incidentally this is a must; secondly, convenience; and, third, the combination of the footings in this building - that is, when you are going to build footings anyway for a tall building - do not cost in a direct ratio the extra amount necessary for the garage. So you are having your cake and eating it, sir.

While I don't like to prescribe fixed ways of doing anything. The economics work out this way. In Newark, for example, we cannot build a building that doesn't provide 30 per cent

parking. They don't say how you provide it, but you have to provide 30 per cent parking. My personal experience is, I am providing underground parking and you know why - because you can't walk down the street and you certainly can't walk two blocks down the street at two o'clock in the morning. So underground parking and related facilities, incidentally, for a building are extremely important.

SENATOR O'CONNOR: Thank you.

ASSEMBLYMAN WOODSON: Thank you very much, Mr. Padula. There are no further questions. Thank you very much, sir.

I would like to indicate while it is desirable to have people testify as fully as possible, that if we can, we attempt to limit our discussions within the framework of possibly ten minutes so that we can get as many people as possible in before we adjourn for lunch.

I would like to call now Mr. Robert F. Ferguson, Jr., representing the New Jersey Association of Real Estate Boards.

R O B E R T F . F E R G U S O N , J R . : Thank you, Dr. Woodson. I am Robert F. Ferguson, Jr., resident of Livingston, New Jersey. I am employed as the Executive Vice President of the New Jersey Association of Real Estate Boards. The Association maintains its offices at 60 Park Place, Newark.

I appear here today on behalf of the New Jersey Association

to speak in opposition to Assembly Bill 757, "The Hotel and Multiple Dwelling Health and Safety Act of 1967".

I am going to depart from my prepared text in order to conserve time.

While it may be desirable for economies in operation and improved service to the public to effectuate a consolidation of governmental departments, NJAREB feels it would be dangerous and unwise to enact A 757 until such time as detailed studies on the proposal are held by the Legislature. Assembly 757 is potentially, and I say potentially, one of the most explosive pieces of legislation considered in recent years, because the bill would concentrate enormous power in one individual. Under the provision of A 757 the Commissioner of the Department of Community Affairs could virtually become the housing "Czar" of New Jersey. This bill is truly a departure from our system of "checks and balances" that was wisely built into our Constitution by our founding fathers. Traditionally, the Legislative and Executive Arms of government have been separate. A 757 would tend to erode this division of authority in that it would authorize the Commissioner of the Department of Community Affairs to promulgate rules and regulations without benefit of legislative guidelines which would have the force and effect of law until revised, repealed or amended by the Commissioner. We think it is ill-advised for the Legislature to abrogate its responsibilities to make laws to any one

individual.

I would like to point out at this time before the Commissioner leaves - I see he has left already - that my remarks are in no way intended to reflect upon Commissioner Ylvisaker. His capabilities and reputation are beyond reproach. However, we feel it is impractical for the Legislature to delegate such an enormous responsibility to any one man, no matter how capable he may be. What about succeeding heads of the Department of Community Affairs? Would they be equal to the tasks that time alone will serve to magnify? The Legislature should ponder this point carefully.

We recognize that advancing the broad objectives already noted, we have a responsibility to place in clear focus specific objections to the legislation under discussion. We are prepared to do that.

This bill must be recognized as an omnibus replacement of a major portion of our state legislation affecting the construction and operation of multiple dwellings and hotel structures. You will hear later from the hotel industry. We will not touch that phase of it. We will confine our remarks to the real estate industry.

The basic concept of a "tenement house" which heretofore has included only certain structures with three or more dwelling units is modified and will include two-family dwelling units that are not owner occupied. This is going to have an impact

that the Legislature should review carefully. The simple task of determining which of the tens of thousands of two-family homes in the state would be subject to the law is in and of itself monumental.

In Article II, paragraph 5, there is a provision for the creation of a five-man Hotel and Multiple Dwelling Health and Safety Board which is to consult with and advise the Commissioner with respect to rules and regulations to be promulgated pursuant to the legislation. Strangely, however, the board is to meet only at the call of the Commissioner, if at all, and its members need not possess any qualifications whatsoever other than citizenship. I am sure that this will be taken into consideration.

Article II, paragraph 6 and its subsections A through G, inclusive, are among the most important provisions in the Act. The Commissioner is granted power in the broadest terms possible to promulgate rules and regulations, to administer them, to enforce them in such manner as he in his own discretion determines. He is even given the broad power in subsection G to compromise any penalty he shall so determine. The Commissioner thus becomes the legislator, the executive and the court with respect to all matters concerning multiple dwellings. This dramatic departure from previous legislative policy in the promulgation of laws relating to housing, its construction and use, is neither warranted by any known emergency nor

justified from the standpoint of the public interest.

Representatives of every municipality in the state should take note of the fact that under Article VII, paragraph 21, if this legislation is enacted into law, each municipality is required to appoint a public officer to enforce the provisions of the legislation under the control and supervision of the Commissioner and each municipality could be required to provide additional staff, etc., to enable their official appointee to carry out or discharge his responsibilities. In this connection, the proposed legislation in one fell swoop would also strike down local municipal ordinances that may be inconsistent with any of the rules and regulations promulgated by the Commissioner. We are wondering if the municipalities are quite prepared for this.

A review of this legislation in light of these brief comments should indicate that this legislation must certainly contain the seeds for a colossal state housing bureaucracy which again would have to be created at public expense.

The question of increased fees covered in the bill and the filing of plans at this point do not seem justified - the increased fees. We would like to find out if there is additional service going to be rendered.

In conclusion, we urge that the Legislature reject A 757 as a cure that possibly could be worse than the disease.

Thank you.

ASSEMBLYMAN WOODSON: Thank you very much, sir.

Any members of the Committee have questions they wish to put to Mr. Ferguson? [No response.] Thank you very much.

I would like to call at this time Dr. William Freund, Chief Economist, Prudential Insurance Company.

D R. W I L L I A M F R E U N D: Mr. Chairman and distinguished members of the Committee: I am Dr. William Freund, Chief Economist, Prudential Insurance Company, but I am here today as Chairman of Governor Hughes' Economic Policy Council, which serves to consult with Governor Hughes and other state officials on economic problems confronting the state. The other members of the Economic Policy Council are: Professor Baumol of Princeton University and Professor Berkowitz who heads the Economics Department at Rutgers.

I would like to make clear at the outset that I am here to testify neither for nor against any specific housing proposal. The Economic Policy Council has not analyzed the housing needs of New Jersey and therefore takes no position on that matter.

I am here solely to discuss the availability of resources for an expansion in housing activity, a topic within my competence as an economist. In fact, I believe that an expansion in housing activity would be highly desirable at the present time

and would be of considerable benefit to the economy of New Jersey.

My analysis of business conditions and trends, both nationally and within the State, indicates that there are ample resources for expanded home construction. Throughout this Nation as well as the State of New Jersey, we have gone through a pronounced recession in 1966, a recession in housing which continues at the present time. Housing is just now beginning to show signs of emerging from that slump. As a result, there remains a considerable slack in the housing industry, in the construction industry, both in terms of labor and materials.

Now with the aid of a few charts - and I am going to try and make this as brief as I can - I would like to offer some perspective on the extent of the decline in housing during recent months and the scope for expansion in the United States and particularly in New Jersey.

This chart (indicating) shows on the top line, that is, the red line, private non-farm residential construction expenditures in the United States. And, as you can see, in 1966, there was a sharp reduction. In fact, the figures show that residential construction outlays declined from \$28.6 billion in the first quarter to just \$22 billion in the final quarter. Housing starts - that is, first you have to have a hole in the ground before you can spend any money on new housing --

housing starts fell just as drastically, as you can see here, from 1,600,000 units at the beginning of 1966, to a low of 850,000 in October of 1966. The series is beginning to show signs of bottoming out, but you can see that it is no where back to the level at which it was early in 1966. And pretty much the same trend appears in housing permits and permits tend to indicate much the same as housing starts since you first have to get a permit before you can start construction.

Now we have much the same situation and perhaps a somewhat more serious downturn in the State of New Jersey. The red line on top shows residential contract awards and residential contract awards in the first quarter of 1966 were \$55 million for that quarter. The decline was to only \$43 million in the final quarter of 1966. And I might point out that this represents a reduction of 22 per cent and the nation over, the decline was only 14 per cent. The same picture emerges with authorizations, but in the interest of time, let me not dwell on the specific figures, except to say, housing authorizations or permits, as we call them, were 7,000 a month January-February of '66, November-December they had dropped to 2,000 a month. While there has been some pickup, the first two months show an average of only 5,000, still considerably below the peak.

The fact that there is slack in the housing industry is revealed by any number of statistics and I don't want to

dwell on these statistics, but let me just mention a few which I think are fairly indicative. This is a publication called, "Construction Review," by the U.S. Department of Commerce, which shows that between October 1965 and October 1966, there was a 5 per cent reduction in output of construction materials over all. Lumber and wood products fell 9 per cent; paint, varnish and lacquer, 3 per cent; Portland cement, 3 per cent; asphalt products, 7 per cent; clay construction products, 10 per cent; gypsum products output fell 15 per cent.

If we look at employment in the construction industry, we find between October '65 and October '66, masonry, plastering, stone and tile workers saw a 7 per cent decline in employment opportunities, etc. I don't want to bore you with these statistics, but the indications are that there is considerable opportunity now at the present time for expanding home construction.

In fact, I would think it in the national as well as in the state economy to accelerate the pace of housing activity in order to stimulate the economy generally.

President Johnson recently recommended the restoration of the 7 per cent investment credit. He recommended the re-institution of accelerated depreciation. He released some highway funds because the economy is at the moment quite sluggish. The Federal Reserve System has added vast supplies of money in order to encourage more borrowing and greater

economic activity.

In light of the weakened economic situation, many observers are pinning their hopes for an upturn in the pace of economic activity on a revival of housing activity. Yesterday, for example, the Assistant Secretary of Commerce of the United States estimated that in 1967 housing starts would be 1.2 million units and by the end of the year would rise to 1.5 million. If that optimistic expectation is realized, it will still mean that housing activity will be below the level of construction back in 1963.

The construction industry in particular may need further stimulation in 1967 for one other reason. During the last three years, plant and equipment expenditures in the United States, business capital outlays, rose an average of 15 per cent every year. Now I have some charts to document that, but I would rather not take the time to do so in great detail. But plant and equipment spending rose 15 per cent a year. The outlook this year is for a rise of half that magnitude and most of that increase for this year is already behind us. The same is true from my analysis of the business situation in New Jersey, that plant and equipment spending is going to rise relatively slowly. Now I say this because it means that some of the construction workers who have found rising employment opportunities in business construction will be available and willing to shift back to residential construction should the

demand there begin to grow again.

ASSEMBLYMAN WOODSON: Thank you, Dr. Freund. Are there any questions members of the Committee wish to ask Dr. Freund?

SENATOR O'CONNOR: Doctor, do you think that a burst of this type of money into the economy of the State of New Jersey would generate new jobs in our construction industry?

DR. FREUND: Well, there is no doubt that there is a particularly large amount of slack in the construction industry and that the additional purchasing power in this area of slack would benefit the entire economy of New Jersey. The unemployment rate, sir, in the construction industry in the United States at the moment is 9 per cent. Now it seems to me that if we are going to get stimulation in some sector of the economy, it ought to be provided where the resources seem to be most readily available.

SENATOR O'CONNOR: Thank you.

DR. FREUND: And in my judgment that is housing.

ASSEMBLYMAN WOODSON: Doctor, would you be able to leave with us any of the exhibits that you have brought?

DR. FREUND: It would be difficult to leave the large charts, but I can leave some of the other materials.

ASSEMBLYMAN WOODSON: Thank you very much.

Let the record show that an additional member of the Committee is present, the Honorable Victor Addonizio, representative from the County of Essex.

I would like to call now Mr. Richard C. Goodwin, President,

New Jersey Home Builders Association.

R I C H A R D C. G O O D W I N: Assemblyman Woodson and members of the Committee: My name is Richard C. Goodwin. I am from Moorestown, New Jersey. I am President of the New Jersey Home Builders Association. I have been actively involved in home building, utility companies, commercial, industrial and apartment construction for the last 20 years.

I would like to begin by saying that of the 7 bills that have been presented, we can support 5 of them. There are 2 that we have some serious questions about - A-770 and 757. My initial remarks will be directed to A-770.

As builders, we are seriously concerned with housing all segments of our population. After years of effort, and in spite of successive new peaks in residential construction, our cities, however, are still infested by slum dwellings and blighted units. It is evident a fresh, new approach is needed to solve the housing problems presented by our major urban areas. As part of our statements, we hope to offer such a new approach.

Experts at the various levels of government, in housing and planning, and among the home builders, mortgage lenders, and others, have increasingly directed their thinking at the solutions of this problem. We in the home building industry have repeatedly stated the impediments we face in achieving our goal of economical,

safe and sanitary housing in the cities. These impediments include such things as outmoded zoning, planning and building codes, abortive real estate taxes, and other political obstacles. All of these have added to the cost of housing in the cities throughout our state.

After careful study of A-770, we find that in no way does it substantially reduce the cost or remove the impediments. In fact, the converse may be true. It will considerably increase the burden to the community through the tax concessions it advocates - this, at the very time when the cities' tax rates have reached a point where, in some cases, they represent almost 10% of the sale price of a new home.

Tax abatement, though admittedly optional in A-770, is intrinsic to its success. Tax abatement means a loss of tax revenue to the community, with a corresponding increase in school, police and fire protection. These costs are borne by the tax payer, both in the city, county and throughout the state.

We are interested in a program that will result in housing for those least able to afford it, and without an undue burden on the rest of the public. The great need for housing today is in that area just above the public housing income levels. A-770, in its definition of income, excludes this economic group. It does not hold

the promises of which it speaks. And, as was mentioned here by Mr. Robinson of Jersey City, - he has stated that there is sufficient housing for middle and upper income levels, and we agree with this. It's between the middle income and the public housing level that has the great need in the cities and where our attention should be directed.

Recently, Dr. Robert C. Weaver, Secretary of the Housing and Urban Development Department, made the following statement, and I quote:

"Private enterprise will have to be a full partner in city rebuilding because it alone has the greatest competence to do much of what we are trying to do. We are talking about new housing, and rehabilitated housing, and new community facilities, on a scale never attempted before. Private enterprise will build those structures, and provide them with all the products and services from sinks and bathrooms, to basketballs for gymnasiums, to microscopes for medical clinics. The proper perspective is not to wonder whether, if business or government fails to act, the other will have to do the job. The situation is that, unless we are all involved, none of us is going to get very far along."

As A-770 is currently written, it is entirely unworkable for private industry. The private sector of the building industry will not be drawn in as Dr. Weaver advocates. On the contrary, the private sector will be

forced to shun A-770. The following are some of the major reasons we feel this will occur.

In its preamble, the bill states, and I quote:

"It is hereby declared that there exists in this state, a need for adequate, safe and sanitary dwelling units for many families of moderate income in this state."

Now, this is a very sweeping statement. It goes on in this section to allude to the reasons for this need. However, we submit to you that nowhere is there available, factual statistics to support this broad, what we consider, misstatement. On the contrary, if one were to pick up the real estate section of any newspaper throughout New Jersey, he would find an abundance of homes and apartments with sales or rentals for the income bracket specifically referred to in Section 10 of the bill.

While we are mentioning Section 10, let us investigate it. It is possibly our major area of confusion and objection to A-770. Section 10 defines a moderate income family as: "families whose gross aggregate income at the time of admission does not exceed 6 times the rental or carrying charges, including the value or cost to them of heat, light, water, sewerage, parking facilities and cooking fuel, of the dwellings that may be furnished to such families, or 7 times said charges if there are 3 or more dependents."

And, incidentally, there is no definition of what

dependents are in this. You could have a dependent who lived somewhere else and doesn't use the facilities that could be charged against the formula. We think there should be a definition of dependent.

Assuming we use the projected per room cost as established by the Community Affairs Department of \$33.00 per room, simple multiplication shows us the intent of the bill is to house people whose aggregate annual income is between \$7,200 to better than \$17,000 per year. These income levels are the backbone of the private sector of the building industry today.

Now I want to divert from my text for a second. It was brought out by our economist here that there is a slack in New Jersey needs today, and this is very true, but the Federal Government took action that affected every state throughout the country when they permitted interested rates to rise the way they did in 1966. I am sure I don't have to tell you gentlemen what the tight money crisis was. We are now climbing out of that situation. Give us a little chance and we will pick up this slack very quickly, and I know there are plans afoot to do so. I know I have my own plans now that money is becoming available to get back to work again. And I am sure the building industry, as it has in New Jersey for many, many years, will continue to supply the needs of its citizens whether they be in the

city or in the suburbs.

Now, to prove that this formula is even more damaging, simply increase the projected room rentals by a mere \$7.00 per month and you effectively increase the eligible aggregate income from a minimum of \$8,800 per year to a maximum of \$23,100 per year. Add to this the trend towards increasing construction costs and we will, in the not too distant future, be housing in special benefit projects designated as moderate income, families with an aggregate annual income of fifteen, twenty and even twenty-five thousand dollars per year. To house people with such incomes is in direct contrast with the stated proposals in the preamble. To do so does not provide housing for families in the area just above public housing levels, which is where the real need exists, as previously stated by Mr. Robinson, and seriously cuts into our prospective home buyer market.

To return to the preamble, we feel that the misstatements in the preamble are the crux of the problem. By incorrectly stating the problem, the preamble distorts the logic that follows in the bill. If the preamble were restated properly, the questions which the subsequent parts of the bill purport to answer, would of necessity have to differ. We have rewritten this preamble in light of what we feel to be the real problem.

The following is our proposal as to how the preamble should read. In the interest of time I will not read the preamble as we have corrected it, however, I will state the most significant things that we feel should be in the preamble, and that is, this bill should be limited to cities of 100,000 or over and that any construction done under the benefits of this bill should be within the corporate limits of the cities in question.

There is another point about this bill which we think should be weighed carefully by the Legislature. This relates to the bill's coverage of an area of housing production which we believe is already well covered by programs of the National Housing Act, particularly the mortgage insurance programs of the Federal Housing Administration.

Since 1954, there has been a special program of mortgage insurance for the production of housing for families of low and moderate income. It is called the section 221 program and it was designed originally as a tool to be used by cities in their urban renewal and highway relocation programs.

In mid-1961, Congress expanded and revised this program further to, (1) include housing specifically for low and moderate income families, and (2) provide a special below market rate mortgage program under sub-section 221 (d) 3. It is since 1962 that the greatest volume of housing

under Section 221 has been constructed.

In 1965 the Rent Supplement program was enacted. This program operates within the framework of Section 221 and provides housing for the lowest income group. In the City of Newark, a family may have an annual income of from \$3,600 to \$5,100, depending upon size, and receive a supplement towards the payment of their rent.

Under the Section 221, Below Market interest rate program, maximum tenant incomes for the City of Newark range from \$5,300 to \$9,900 depending on the family size. This program provides for 3% interest money. Therefore, it is difficult to see how 4% money plus the administrative cost is going to be effectively able to compete with the federal program with 3% money. Add to this the fact that FHA has been in business for over 30 years. They are expert at handling these types of program.

Now, in New Jersey we are proposing to set up a new form of our government - I think it would be premature to call it a bureaucracy at this time - to handle this thing, to set up a duplicate machinery to that which the FHA has in existence today and which has been functioning very well over the years. Now, we admit that there are some things wrong with the FHA 221 (d) 3 and later on we will have some suggestions as to how New Jersey can get some direct benefits from doing some very constructive

and direct things at this time.

Under both of these programs, as the tenant's income increases, his rent, or at least his share of the rent, increases but he is not required to vacate his apartment. Long term mortgage funds are available for these projects from the Federal National Mortgage Association.

For your information, a total of 900 units have been insured by FHA in New Jersey under Section 221 (d) 3 at a market interest rate. This equals a better than \$13 million of construction. This does not include Rent Supplement projects now being processed by FHA.

Furthermore, under the reduced interest rate program, FHA has agreed to insure a total of 3,731 housing units in New Jersey , totaling \$58,674,000 in mortgage funds. There are a total of 400 more dwelling units in the final stages of FHA processing. While there are no published figures available, we estimate that another 500 units are in preliminary processing.

I would like to divert again, as was stated by the real estate people, if we have vacancies and problems now, which they are much closer to than we as home builders are, the addition of these units are certainly going to add further to this problem, and there is definitely, I know in my part of the State, plenty of housing available - not

that we have the foreclosures that were mentioned but there is a lot of good housing available in these price ranges.

In connection with section 221 housing projects, you should know further that President Johnson has recently authorized \$32 million additional in mortgage funds for Below Market Interest rate projects and \$200 million for Rent Supplement Project mortgages through the special assistance functions of the Federal National Mortgage Association. The bill now before the State Legislature, on which we are testifying, is directed at exactly the same housing need as the section 221 program. It, therefore, duplicates the purpose of the Federal programs, that is to supply mortgage funds for the purpose of stimulating construction and rehabilitation of moderate income housing.

It would be a mistake to speak to you only about the FHA section 221 program. This is by no means the only Federal housing program designed especially for families of low income and to help the disadvantaged, displaced, handicapped, or the elderly.

For example, there is a federal direct loan program under section 202 of the Housing Act of 1958 to provide construction funds for elderly housing. These funds are supplied at a below market interest rate and the projects are designed for elderly people of modest means. In the

State of New Jersey, this vehicle has been, or is being used by non-profit sponsors to produce some 4,000 living units for senior citizens.

We should point out also that the new Department of Housing and Urban Development has established extensive field offices and staffs covering New Jersey and its major cities. These men are experienced and skillful in carrying out the existing federal programs relating to moderate income families. We grant that they do not sometimes do enough and we are impatient with the results just as many public officials are impatient. Nevertheless, we fully believe that a greater impact and more beneficial results can be achieved through vigorous expansion of efforts to improve existing federally funded programs rather than diverting badly needed state funds, credit, and efforts towards a duplicative program as set forth in Assembly Bill 770.

I should like to return to the housing currently being provided without federal assistance by today's building industry. These homes and apartment units, many of which are within the corporate limits of the cities, or certainly within easy commuting distance, are privately financed at current levels, built on land which was purchased at true value and, most important, carry their full tax share. Yet many are at room rental levels below those projected for projects constructed under A-770.

We submit, gentlemen, economical, safe and sanitary housing is available.

The builders in our state admit to a need for housing in the hard core urban areas, as we have recently described as 100,000 in population and within the corporate limits. To deny this, of course, is foolhardy. But we feel we can meet this need only if we are given the proper, and I restate, the proper tools to do so. As A-770 is written is not the proper tool. Why is it not the proper tool? Well, let's look at it in the general way and at some of the reasons.

From the builders' point of view, this bill caters to a market that we don't believe exists. By this I mean that those families whose incomes fall within the limits set in the bill, and as projected by the department, are not now nor would they be interested in the cities. This condition, we feel, will prevail until our cities are made more attractive to these families who can afford more. What the cities can do to make themselves more attractive is another problem which we are not here to discuss here today.

I would like to divert a minute just to mention, I think there is an overemphasis on housing as the major solution to the cities' problems. There are many things that need to be done to help the cities. In my opinion,

housing will follow the solution to these. It will be very difficult to precede or lead it.

Again, as builders, we find that as the bill is currently structured, it has no broad appeal for the building industry because of the fact that many of our builders are not commercial and general contractors and will fear, naturally, this bureaucracy. They know the FHA because they have worked with them for many, many years. There will be a considerable lag time if a new department is created.

The bill does not define specifically where projects should be located. As we stated, we feel it should be within the corporate city limits. It is quite possible to locate these projects in direct competition to existing facilities which currently offer lower rentals than A-770 can provide. It is obvious that if such a condition were to occur, the A-770 project would become a financial liability to the State of New Jersey.

Projects constructed under A-770 will create a new control governing occupancy and design. This new control is an unknown quantity to us. Past history shows that this can lead to a morass of bureaucratic slowdowns.

Based on a review of experience in other states, the increased requirements that this type of agency has imposed on plans, specifications, and duplicate inspections

during construction cause them to be more expensive per room than private enterprise provides, thus negating the advantages of the lower interest rate. So nothing is really accomplished.

Although we are not adverse to low interest rates, we do not see them as a cure-all. If proper zoning and realistic building codes were instituted and the other impediments as previously mentioned were eliminated, you would not find it necessary to consider legislation creating a below market interest vehicle.

These are but a few of the reasons, and time limits my specifying by paragraph and line, those parts of the bill which we would have to have rewritten in order to have it made palatable to us. However, if you would like this line-by-line criticism, we stand ready to deliver it to you at your request.

Now, what can be done to house these people? Just what can be done to fill the need that exists in our cities? We do not have all the answers but we suggest that ways be found which will enable the many existing federal programs which are available to work in and for New Jersey. This one initial step will cure most of the problems for housing.

As previously stated, we feel the FHA programs that are available, especially 221(d)3, can do the job A-770 attempts to do. But these programs too have a drawback in

the time it takes for approval of a project. As you move from level to level in the various stages for approval, constantly new qualifications are added. We feel the Department of Community Affairs can play a major role in overcoming these obstacles. With the expertise available in the Department, and I have met some of these gentlemen and I can testify to that, they can help speed up and streamline the processing necessary, both with the government agencies and the local authorities. Even better, they will probably be able to come up with time-saving devices.

This, we feel, is a major area for this new Department to concentrate on even before attempting to operate their own programs.

However, if it is determined that the State of New Jersey must have its own program, the need for which to us has never been proven, then we offer the following:

As a first step, write A-770 to offer housing, not only for rental but also for sale. Many experts feel town housing for sale or rental is a much better answer to the problems of which we are speaking.

These town houses could be constructed with high densities per acre. They can be of 1 or 2 family, and provide for open green spaces, a vanishing sight in New Jersey. Most importantly, it would not require large sums of money and would, therefore, attract many builders and help create

healthy competition. An added plus to this approach is the ability to rehabilitate while we build. Also, historic sites, parks, museums and other amenities of the cities can be salvaged. This then, in a very cursory view, is another partial answer to this problem.

There are many more and we suggest that the new Department of Community Affairs be charged with the responsibility of investigating all of them. Then, after this investigation with the private sector of the building industry, and after qualifying where the needs exist and to what extent, we feel proper legislation can be prepared and introduced to solve the problem.

And, gentlemen, I wish to add, we certainly pledge our cooperation for this study and research program.

ASSEMBLYMAN WOODSON: Thank you very much, sir.

MR. GOODWIN: I'm not finished, sir.

ASSEMBLYMAN WOODSON: Oh, I'm sorry. I would suggest that you sum up at this point, if you will.

MR. GOODWIN: All right. I want to mention that I think the Mitchell-Llama bill in New York, which is the pattern for this bill, - that direct experience be obtained from New York in a day-to-day operation of this bill to determine exactly what its impact is. We have been told that the New York Legislature had to appropriate moneys outside the framework of their bill in order to stimulate

occupancy of their buildings and overcome a high vacancy rate. Money was spent for advertising and even money was loaned to members of cooperatives so that they would have a sufficient downpayment to occupy empty buildings.

Now, the next bill I wanted to mention was A757. This bill we have serious objections to. We think it duplicates a lot of existing inspection procedures today, creates more bureaucracy, also it establishes fees that we don't think are fair and reasonable to our industry, and we would like to suggest that there be more discussions with the hotel-motel operators, with the apartment-owner operators in the State of New Jersey, and that a better approach can be found to this problem also.

In conclusion, I would like to take this opportunity to thank the Department of Community Affairs and specifically its Commissioner, Dr. Paul Ylvisaker; Assistant Commissioner, Joel Stearns; Mr. Julius Seeman, and others, for the time they have spent with us in discussing this legislation. We have had several meetings with them and have found their dealings to be all in good faith. We hope that future meetings with this Department will continue so that the citizens of our state may benefit by better housing through the various methods that will be developed.

Thank you very much.

ASSEMBLYMAN WOODSON: Thank you very much, Mr.

Goodwin.

Are there any questions.

SENATOR O'CONNOR: I would like to ask Mr. Goodwin a couple of questions.

Mr. Goodwin, one of the problems we have in middle-income housing, and I think you alluded to it in your written remarks, - the statement you made was that there is no problem so far as having enough rooms for people with moderate incomes. And most of the statistics that I have, within my knowledge, show that the average dwelling built in New Jersey is three and one-half rooms. Now, if we have a family of five, four or three children, husband and wife, where do they live now and where are the rooms for them in an apartment type dwelling?

MR. GOODWIN: Well, I first of all don't understand this figure of three and a half rooms. If you are talking about just apartments --

SENATOR O'CONNOR: That's what I am talking about.

MR. GOODWIN: Oh, okeh. When you said housing, I thought you meant --

SENATOR O'CONNOR: I'm talking about apartments.

MR. GOODWIN: If it's just apartments in New Jersey, the rest of the people are living in single family homes. See, we have to define the apartment market. The people who are now principally occupying apartments are young

marrieds and people that we refer to as empty nesters, that's middle-aged people where their children have gone to college or been drafted or left home and they no longer have the responsibilities of owning a home and they go back into apartments.

However, the need in the city is for three and four and five bedroom, if you please, apartments. These large families that don't have adequate housing - when you think of the conditions that exist in the slums today where they have six and seven and sometimes twelve people living in one house, you can't put those people in a three room apartment, you have to have something much more adequate than that.

SENATOR O'CONNOR: Well this is the problem. The problem is that the private sector of the business community has not answered that problem in the cities nor in the grey areas.

MR. GOODWIN: No. Well, we claim that within the commuting distance of the cities and in the cities themselves we do have housing available. Now, if you are going to talk about -- you are talking about the large, five, six, seven people family, is that what you are referring to?

SENATOR O'CONNOR: Yes.

MR. GOODWIN: If the direction and effort is going to be devoted to that, we feel the (d) 3 program can produce

that type of housing much quicker and much more effectively in the cities. And also, we feel, as I mentioned, town houses for sale will take care of this too very nicely.

SENATOR O'CONNOR: Another question or statement. You say that the plan would jeopardize the financial liability of the state. You realize, of course, that the state is in no way supporting this program financially, that it's a self-supporting operation and has no effect upon the state's credit.

MR. GOODWIN: Well, in the back of the bill there is a statement that every year the Commissioner must submit to the Legislature what his needs are in this area, as part of the annual budget - I don't recall the exact wordage, I don't have it - and that this money will be funded by the State of New Jersey.

SENATOR O'CONNOR: The money is funded by bonds, by an original investment and then it's funded by the bonds, not by the state.

MR. GOODWIN: Well, there's that clause. Unfortunately, I don't have it handy.

ASSEMBLYMAN WOODSON: Are there any further questions?

ASSEMBLYMAN ADDONIZIO: Mr. Goodwin, during your remarks you mentioned, the way this particular bill is drawn that the six or seven times the rental or carrying charges would not cover those people immediately over the

low income housing group, so to speak. Now, if you and your association were to endorse a middle income housing program, what figure would you establish as an income right over or above that low income housing group?

MR. GOODWIN: Well, we would use the limit the FHA has set in their 221 (d) 3, which runs from a low in New Jersey of \$4,000 to a high of \$8,900, which is for Newark. We feel that that is taking care of the segment that we feel needs attention now. Again, that's above the public housing but it's below other income levels that we feel are being housed very nicely, in the cities too.

ASSEMBLYMAN ADDONIZIO: Thank you.

ASSEMBLYMAN WOODSON: Mr. Goodwin, you indicated that in the area in which you live there is more than adequate housing available. In what area do you live?

MR. GOODWIN: I'm talking about the Camden Metropolitan area.

ASSEMBLYMAN WOODSON: Thank you very much.

Are there any other questions? (No questions)

Thank you, sir.

MR. GOODWIN: Thank you.

ASSEMBLYMAN WOODSON: At this point we will call Mr. Alvin E. Gershen, Planning Consultant, Alvin E. Gershen Associates, City of Trenton.

Following Mr. Gershen's testimony, we will recess

for one-half hour after which the testimony will be resumed. Senator O'Connor, at that point, will act as Chairman.

A L V I N E. G E R S H E N: Mr. Chairman and members of the Committee, I have turned in a formal statement to the stenographer. For the sake of saving time, if you would permit me, I would like not to read the statement in its entirety but to make some remarks on some of the issues that have been raised about the pending legislation this Committee is having these hearings on.

I think at first we must recognize that we are not having a hearing here on A-770 alone and that were it to pass it would not be considered as a singular bill but one of a package of bills which tend to deal with the problems of urbanization throughout this the most urbanized state in the United States.

I think it is well worth repeating that after years of effort and in spite of successive new peaks in residential construction, our cities are still infested by slum dwellings and blighted units. It is evident that a fresh approach is needed to solve the housing problems presented by our major urban areas.

That statement is not mine, it is the home builders. I concur in that statement, and I suggest that these six

pieces of proposed legislation before this Committee does just that. It presents a fresh approach to the problems our major urban areas face. And almost all of New Jersey falls into major urban areas.

I think it is quite obvious that we have not been succeeding or keeping pace with the decline in our major urban areas - and I am not referring alone to the six major cities in New Jersey. I am referring to those as well as many smaller urban places since all of New Jersey lies within corporate limits of some municipalities and it just doesn't seem to work.

What are we talking about in terms of housing need over the next decade? And there is much to be said here this morning about whether we have a need or we do not have a need. It seems to me that our need will amount to more than 90,000 dwelling units per year over the next decade. New households alone will account for about 45,000 of the total of 90,000, in order to provide housing for those people moving into New Jersey as well as young people forming new households within our state.

In addition, 8700 units per year will be needed if we are to replace over the next 15 years the 130,000 substandard units noted in the 1960 census.

And, incidentally, I am not speaking here of new units alone. I am speaking of new units as well as

rehabilitated units and I think a large emphasis, both in the bills before us and in the standard approach now throughout the country, is in rehabilitation.

Also an additional 40,000 units per year will be needed to replace housing that can be expected to become substandard, and that is housing that's over 50 years old, between now and 1980.

And obviously, gentlemen, the complexity of the problem increases as the years go on.

Certainly the private home building industry in New Jersey has done a remarkable job of providing new housing, but the demand in the years ahead will exceed the capabilities of the home building industry by an estimated 30,000 units per year.

New housing in the 1950's amounted to 1.25 million units. Another three-quarter of a million units have been added to our housing stock in the first half of this decade. On the average, 35,000 private housing units went up each year in the fifties and 50,000 units each year in the sixties. In 1965 there were 27,000 new private single dwelling units and 23,000 multiple dwelling units constructed in our state. We can reasonably expect that this 50,000 annual rate will be at least 60,000 dwelling units per year constructed by the private home building industry in the years ahead.

As good a record as this may be, in my judgment, it

is just not good enough. The state must augment this through cooperation with the federal government, on the one hand, and with the municipalities on the other.

The state must be prepared to fill the void between the projected need and the anticipated supply which can reasonably be expected from the home building industry acting alone.

As I mentioned earlier, of the more than 90,000 dwelling units needed each year, about 40,000 will need to be the replacement units in order to effectively remove the backlog of old and obsolete housing. Much of this construction must be directed to low and moderate income families who cannot now effectively enter the market for new housing.

With these problems in mind, an annual construction schedule over the next ten years could reasonably be established with the following annual targets for new development:

Estimated private development by the private home building industry, 60,000 units per year;

An increase in private development through incentive programs of 12,000 units. And I thoroughly agree, there should be new incentive programs, codification of building codes, streamlining of all sorts of obstacles that are now in the way of the private home building industry, and

certainly with this kind of incentive we can look forward to, let's say, an additional 12,000 units per year from the private sector.

Public housing units for low income families, currently at the rate of 2,000 a year.

And we have projected some state moderate income housing program of 6,000 units a year, making a total of 80,000 units a year against a demand of 90,000 which I enumerated before.

So even if this program were to produce 6,000 housing units per year, we would have an intensification of a larger magnitude in the private sector of the economy. And if lower income housing remains exactly where it is today we still fall short, in the conservative projections that I've made, to meet the need of housing in the State of New Jersey over the next ten years.

Now, the federal programs, for better or worse, seem not to be answering the problems here in the State of New Jersey. The 221 (d) 3 program in fact is not working. Now we can bore you with the details as to why but the facts remain that only one high-rise 221 (d) 3 has ever been built in Jersey City; one in Newark, and I believe some high-rise in Paterson.

You cannot, under existing formulaes, under existing administrative regulations, produce the very kind

of housing you need in the urban areas. If it can't be done within the federal guidelines and federal programs - it seems very peculiar to me that those who usually say, don't go to the federal government for help, we've had too much going to Washington, are the very ones that appear to resist the State of New Jersey taking care of this very need. It seems to me that this kind of program, A-770, taken together with the other measures before the Legislature, would provide a new approach and new vehicles for unlocking this bottleneck.

Now, let's look, if we will, at what's been said about the income limits - 6 and 7 times, and the statements made that this will permit people with incomes of \$25,000 or \$30,000 a year to live in these projects.

New York's Moderate Income Housing Program has very similar provisions to A-770, particularly with reference to the income limits, in fact they're exact. I have attached tables to my statement which indicate the occupancy and family characteristics for New York City's housing program for the year of 1965. The median family income in New York City - the median family income in New York City for those occupying this type of housing, both rental and cooperative, in 1965 was \$7,479 per year, and 91.1 percent of all the families earned less than \$11,000 a year. A little better than 8 percent earned over

\$11,000 a year.

I believe the figures show that only 5 percent earned over \$12,000 a year. And it is this kind of figure I think that's significant. When the median income in a comparable program across the river in New York has figures that jibe well with the needs in New Jersey, we can see that this is the kind of program that will meet the needs or begin to meet the needs in New Jersey.

Now, there haven't been 4,000 units of 202 housing built in New Jersey. There are only 3 completed projects, one in Trenton, one in Atlantic City, and one in Newark. There are others that are being requested. And one of the big problems with that kind of sponsorship, as well as 221 (d) 3 sponsorship, as well as sponsorship under our 770, would be the money needed, the seed money, to get started in these housing projects. And one of the bills before this Committee provides precisely for this kind of financing.

This is the kind of liberal social approach, with conservative financial approaches, that have a marriage between the public sector and the private sector. This would be privately built housing, not publicly built housing. We would look to the private home building industry, those represented here and those not represented here, to put the brick on brick.

What A-770 does, is take money that normally costs

6 percent - and as one gentleman testified this morning, perhaps more than 6 percent, effectively - and reduce that effectively to 4 percent or less as interest. It's the only thing it does. It provides a new resource for financing these projects. They still will be built by private enterprise, using New Jersey labor, using supplies supplied under the private enterprise system. It is the marriage I think that the Commissioner was referring to here this morning that is needed here in the United States and here in New Jersey between the public sector providing those elements and those keys necessary for the private sector to get on with the job of rebuilding, in this case, New Jersey.

It seems to me, finally, that we can't view these unrelated to each other. And you have heard a lot of testimony and we will hear more about the details of all of these bills and I have some in my formal statement.

I think we in the state must actively participate in the problems of our communities and we must afford them the opportunity of maximizing their potential by giving them financial aid for urban renewal, which helps them do either more renewal or helps them in the very strict financial situation that they find themselves in, but we must help our municipalities in solving the local problems of community growth, development and

redevelopment in our state.

The states have a real role in helping municipalities to effectively come to grips with growth problems. The problems of the sixties demand solutions which are modern, imaginative and bold. Reliance solely upon the federal government has not proved sufficient nor is it wise. As our nation's most urbanized state, we have the responsibility as well as the opportunity of providing meaningful solutions to these very complex problems of our time.

These bills, if enacted into law, will project our state into this important leadership role in the nation.

Thank you.

ASSEMBLYMAN WOODSON: Thank you, Mr. Gershen.

Do any members of the Committee have questions they wish to ask? (No questions)

I am informed that there are one or two people who have very short statements that they can make at this point and I would entertain those statements. One would be coming from the Rev. B. T. Cartwright, representing the Blazers Corporation of Newark, New Jersey; and the second one would be from Mrs. Harold Kuhn, representing the Princeton Association on Human Rights.

Dr. Cartwright.

R E V. B. T. C A R T W R I G H T: I am Reverend Cartwright representing the Blue Ribbon Panel of the Blazer Council of Newark.

Honorable Chairman and members of the Committee:
I am here in the interest of people not able to speak on building as others have spoken. I am here representing that group who know nothing about the amount of housing available to them. I'm representing that group. And they will number in the thousands that don't know what you are talking about when you say there is plenty of housing that they can get.

I can point to you in Newark thousands of families that will not be able to pay \$33.00 a month per room. They are the people that, I think, these bills, this package, will cover.

I think we have a representative from Newark who is familiar. Our Mayor is certainly familiar with it. He is not present but he has always been in sympathy with this type of legislation. And, speaking as one of the citizens of Newark, working with the poor, we would be glad some time, Assemblymen, if you would want to see first hand the people that I am talking about.

I am interested in people, not buildings, what it costs, people and their comfort. And these bills here will certainly supply that need and give that relief.

I am in and out of homes that have nothing like qualified toilet facilities. We are in and out of those homes. We are in and out of homes that are rat infested. We are in and out of those homes. Those are the people that I propose to speak for, and I say to you, if you would be kind enough to consider and pass this package of bills, you will give relief to thousands of people that otherwise would not have the comfort of a home. And I think every citizen, in this modern age, should at least have a comfortable place to sleep and facilities that anyone else would enjoy.

And I think these bills here, if you would be kind enough to consider and pass them, would supply this. This isn't just a legislative need only that you are working on here, this is a human need and it's a human act that you have to perform in order to reach people.

Now we talk about taxes and we talk about interest and we talk about all kinds of penalties, finances, but the people are still in misery. The only way we are going to be able to do anything about the slums is to pick the people up and give them a chance to live half-way decent. If we do that, then the slums will begin to disappear.

There is some public housing now in Newark where the people are afraid to come home and go in - now, in Newark. Someone said the slums have overtaken and overcome

the relief that we thought would have been given to the people of Newark.

Some time, if you are in Newark, just go in and out of some of the public housing we have there and you will see what I am talking about.

We need more facilities for people to live in and have a rate that they can afford.

I think if you do that, if you consider these bills and you pass the package, I think you will have done one of the major jobs that the people are looking for you to do. All the people are not in the \$8,000, \$9,000 or \$6,000 category. I think if we were to supply you with statistics, you would find that a large majority of the people of the average city would be in this under-privileged bracket that we are talking about.

Thank you very much and if you are in sympathy with us we shall certainly be praying for you. My job is praying and preaching and I shall be praying for the Committee and for the Assembly and for the Senate to consider these bills.

Thank you.

ASSEMBLYMAN WOODSON: Thank you very much,
Reverend Cartwright.

Does any member of the Committee have any questions?

(No questions)

I would like to introduce in the record a statement coming from the Honorable Hugh J. Addonizio, Mayor of the City of Newark, and I would like to read his statement.

"You have full support of Newark in your legislative efforts to improve and expand state aids for housing and finance. We find a great need for help with housing for families of moderate income in Newark and strongly endorse passage of Assembly Number 770 and related bills providing for low interest financing for such projects plus seed money. To help nonprofit sponsoring groups will stimulate construction and add great flexibility to our total housing program in Newark." Signed, Major Hugh J. Addonizio, Newark, New Jersey.

The second telegram is one from the Midtown Community Action Council, urging the passage of the legislative package as proposed by the Department of Community Affairs.

Now, Mrs. Kuhn.

M R S. H A R O L D K U H N: I am Estelle Kuhn and I am speaking for the Princeton Association for Human Rights. I would like to make a very brief statement in support of A-770 and I would like to point out that nobody, so far, has spoken of anything but the urban problems and we have a very different situation where we think A-770

also can help.

Princeton is correctly known as a rich community. Based on projections from the 1960 census, over 40 percent of our population had family incomes of over \$15,000 in 1965. Due to the limited amount of building land available, land and construction costs have risen astronomically and operating in a free market new housing has naturally been geared to that top 40 percent.

What happens to the 37 percent of our population earning \$10,000 or under, or that approximately 15 percent earning under \$6,000 a year? They have been caught in an impossible squeeze.

The life of our town, on the surface so pleasant, will in fact continue to grow distorted and unbalanced unless a bill such as A-770 enables groups of concerned citizens to band together to build new housing for those of moderate means who live and work in Princeton, and without whom Princeton could not function. We feel that these are people whose vital concerns are in the town in which they work and in which they should have representation.

For every doctor we need nurses, for every lawyer and professor we need clerks, secretaries and technicians. We need gas station attendants and shop clerks and people to staff the postoffice and police departments. And we need our teachers.

Seventy-five percent of Princeton's male teachers live outside the community in which they teach. Sixty-one percent of these are earning a family income of under \$10,000 a year. Eighty-eight percent of them are the sole support for their families. They have young families. Ninety-two percent of those living outside of Princeton and renting are paying between \$100 and \$149 a month for family-sized apartments - a virtual impossibility in Princeton at this time.

We need A-770 desperately. Without its help we are on the way to becoming a two-class town - upper middle class and very rich. We submit that unless our population becomes rebalanced and readjusted to accommodate those without whose daily work no society can exist, and without whose community participation no democracy can exist, we will be very sick indeed. For these reasons we are supporting this bill as one responsible means of making democracy work.

At this point, I would like to suggest a small revision very much, I think, in the spirit of this law's intent but one important to a small community like ours. Section 11, on page 12 does not clearly state what we believe the intentions of those writing the bill to be. We do not believe that the framers of this legislation intended those in one community to be burdened with the

obligation of providing for dislocated persons from another municipality. In other words, if you had an urban renewal project in Trenton and we were constructing a project under this law in Princeton, it would be an impossibility to give priority to the residents of Trenton who were dislocated.

So we feel that you should make it more explicit that the order of priorities of admission to projects financed by this bill be set within the limits of each municipality undertaking such a project.

Thank you.

ASSEMBLYMAN WOODSON: Thank you very much.

Are there any questions? (No questions)

Thank you, Mrs. Kuhn.

I want to apologize to those of you who came this morning early to testify. I recognize that you were here early. However, we had a number of others scheduled to speak this morning and the time grew short because of the length of some testimony. We will attempt to facilitate the testimony this afternoon by asking again that all persons who testify do so within the framework, we hope, of ten minutes. I will indicate to you when 8 minutes of the 10 is up, or Senator O'Connor will do so, and you will have two minutes in which to summarize.

We will reconvene at a quarter of two.

(Recess for lunch)

(Afternoon session)

ASSEMBLYMAN WOODSON: Ladies and gentlemen, the time has passed for our reconvening this public hearing and at this point Senator J. F. O'Connor from the 13th Senatorial District will act as Chairman of the meeting.

Mr. O'Connor.

SENATOR O'CONNOR: Thank you, Assemblyman Woodson.

We have a letter here which we will read into the record. It's a letter from Nelson A. Rockefeller, Governor of the State of New York, addressed to The Honorable Richard J. Hughes:

"Dear Governor Hughes:

"When I met with you on Friday, March 17, in Washington you advised me that the Legislature of the State of New Jersey was considering a housing and urban development program which would include as one of its chief items a middle-income housing program patterned after the Limited Profit Housing Company's Program which we have in New York State.

"The basic provisions of this Program in New York State make available to private developers low-cost mortgage loans and tax exemption by the municipality of up to one-half of the real estate taxes. Rental developments are eligible for mortgage assistance of up to 90% of the total project cost and mutual (cooperative) housing companies are entitled to up to 95 per cent of the total project cost. In return, the developer agrees to limit the return on his investment to 6 per cent.

"Since 1960, mortgage assistance has been made available through the New York State Housing Finance Agency, a corporate governmental agency constituting a public benefit corporation. Its membership consists of the Commissioner of Housing and Community Renewal, the Director of the Budget, the Commissioner of Taxation

and Finance, and two members appointed by the Governor by and with the advice and consent of the Senate. The Agency sells its own bonds and these bonds are not an obligation of the State of New York, but are rather supported by a capital reserve fund included in each bond sale and the mortgages on the properties financed. With each succeeding bond sale this mortgage umbrella is expanded so that all of the properties which have been bonded stand as security for each other.

"This program has proven highly successful in the financial community and the Housing Finance Agency bonds, which are classed similar to municipal bonds and, therefore, are excluded from federal and state income tax levies, have been sold at effective interest rates ranging from 3.5908 per cent to 3.9772 per cent, depending upon the vicissitudes of the municipal bond market. The Agency to date has been authorized by the Legislature to sell up to \$1.5 billion in bonds. The Agency has signed commitments to provide for the construction of forth middle income projects with almost 46,000 apartments at a total project cost of close to \$880,000,000. To finance these project costs, the Agency is advancing mortgage loans totaling close to \$750,000,000.

"All of this total is an obligation of the Housing Finance Agency and does not represent one penny of the State commitment, cost, or assistance. Furthermore, through a system of supervising agency fees levied upon the developers and included in the total project cost, the Agency pays for the salaries of the state employees charged with administering the program.

"The formula worked out to provide financing for the Limited Profit Housing Projects has proven so successful we have extended it so that the Housing Finance Agency also provides, and again at no cost to the State, funds for the construction of new mental hygiene facilities, and the rehabilitation of existing facilities, operated by the Department of Mental Hygiene, and for the construction of new facilities for the State University.

"It is our sincere conviction that the establishment and use of the Housing Finance Agency as a financing vehicle is the key to our successful achievement in New York State, for without this vehicle our programs would have been unable to go forward. As it is we are happy to be in a position to be able to be of service in providing this successful formula for our sister state. Sincerely,
Nelson A. Rockefeller."

SENATOR O'CONNOR: That statement was requested to be read into the record by Governor Rockefeller.

I would like to call to the stand -- and we would appreciate it if everyone, this afternoon, would please attempt to limit their remarks within the prescribed time of 10 minutes. I will notify you at the end of 8 minutes so that you can give your summary and close at the end of 10 minutes. We have quite a few speakers and we would like to give everyone an opportunity to be heard.

I would like to call on Edward Hendrickson, Director of the Yardville Bank, representing the Mercer Housing Association.

E D W A R D H E N D R I C K S O N: Gentlemen, I will at least try to be brief.

Mr. Chairman and members of the Committee, I am Edward Hendrickson and I am here to represent Mercer Housing Associates, a non-profit corporation under Title 15 which would qualify under A-770 for its financing provisions.

The Property Committee of our Corporation has surveyed Mercer County. We find a need particularly for large family units in North and South Trenton. We would attempt to meet some of this need if we could find suitable financing.

Reconstruction or new construction of this type is feasible under the Bill. It has worked in New York, Washington and Philadelphia. Members of our Corporation have observed this success in all of these places.

After having studied A-770 and others of the package, the bill permits workable programs in housing and rehabilitation. The pitfalls of the financing provision of the federal legislation have been overcome in the provisions of A-770. We believe the revolving fund aspects of the bill are particularly advantageous to New Jersey.

I have a printed statement which I will hand to the clerk if this may be inserted in the record.

SENATOR O'CONNOR: Thank you very much.

Are there any questions by members of the Committee?

All right, thank you very much, Mr. Hendrickson.

Mr. Fox, Assistant Secretary, New Jersey Council of Churches.

REVEREND FOX: Senator O'Connor and members of this Committee, fellow citizens, it is indeed a pleasure for me to represent the New Jersey Council of Churches in this matter of housing bills before the Assembly.

I might say, first of all, that the Churches have a stake in housing. Over several centuries the church has been a landlord. At the very present time it occupies a

high position in this respect.

Secondly, our churches are becoming more and more involved in analyzing population trends, becoming concerned with the housing picture itself, and more and more joining with other groups in sponsoring housing projects in America.

And, thirdly, the churches seek to test out the availability of housing, most certainly at the point of open occupancy and thus we can document whether or not laws that we have on the books now actually are implementing the whole field of open occupancy.

I return now to the written statement we have here to present to you for the record.

The Council believes in the right of the individual to secure decent housing which is conducive to personal development and stable as well as dynamic community living. The church, therefore, supports that legislation which will promote the rehabilitation or conservation of the human fabric as well as the physical structure.

We believe that absentee ownership should be discouraged. People who live in a city or town should be encouraged to own the property in which they live. The extent of home ownership will be dependent upon earning potential, family size, type of employment, age of the principal wage earner and the availability of housing.

Thus many will not want or be able to own property.

However, housing legislation which tends to expand the number of households that are in the renter class tends to weaken the basis of stable community.

The Council, therefore, supports Assembly Bill 770 because it proposes to facilitate both the construction and rehabilitation of housing projects for families of moderate income by providing for mortgage loans to qualified sponsors. We are particularly concerned about the area of mutual housing projects which can encourage some measure of ownership and control by the occupants. Such types of housing projects could enhance human dignity and motivate occupants to take a real interest in the maintenance and improvement of the community in which they are seeking home ownership.

We have already on record in our legislative principles a principle which reads thusly:

"We believe that slum areas are a blight on our society often depriving their residents of their basic human rights. We support those bills which provide for the elimination of slums in such fashion as to prevent their occurrence.

"We recognize the need of providing housing for all, whether for rental or purchase, public or private. We support bills to stimulate all such construction on an open occupancy basis."

The Council also notes that A-770 is available to non-profit corporations and thus we express the hope that such sponsors would take the lead in providing opportunities for open occupancy and cultural enrichment.

I might pause here to say that despite the fact that we have in our State a very fine housing law against discrimination in housing, the machinery for implementation of this bill is inadequate and that the availability of housing to all people in our State does not exist. We could document the fact that in the area referred to this morning by one of our witnesses, an area near Newark, in fact East Orange, New Jersey, that there were available housing units there to all people - this particular observation, I think, needs to be re-examined. Our experience has shown that this is not true.

Thus, the lawmakers of our State have an opportunity to look at the total picture of housing in the State. And one critical unmet need that they must confront is the need to provide funds to assist individuals, families, businessmen and non-profit corporations to relocate and allow new housing projects to be developed in the public interest.

However, a dramatic example of this need is illustrated by a proposed program to be located in a major New Jersey City which is affecting 22,000 people. Poor communications and public relations between the people to

be relocated, city officials, State Legislators and the project sponsors created an ugly situation.

The essential needs and objectives of all groups involved were never clearly viewed in perspective. Worst of all the relocation plan was hazy, ill-defined and possibly non-existent. The full impact of these blunders will influence the character and destiny of that community and the county for many unnumbered years.

Assembly Bill 767 sets forth the conditions whereby individuals, families, businesses, non-profit organizations and farm operators can receive from \$200 to \$4,000 in relocation assistance when public housing projects force relocation.

SENATOR O'CONNOR: Rev. Fox, you have 2 minutes.

REV. FOX: This is a good first step. However, the provision of relocation funds is not the whole answer. All efforts at relocation should be related to a comprehensive plan directed toward the conservation or the rehabilitation of the human fabric. Thus we say that the relocation plan should be set into the context of a comprehensive plan to upgrade the entire housing picture in any locality.

Thus, we support all the bills that are before the Assembly at this point and would urge that these considerations be brought to your attention.

We wanted to say a word about A-757 to the effect that we feel this ought to be geared into all of the bills so that there is an encouragement of the occupants to organize themselves into community improvement groups which would bring to the attention of the Commissioner any violations that would occur and thus help to preserve our housing and thus avoid the occurrence of blight and slum areas again.

Thank you very much.

SENATOR O'CONNOR: Thank you very much, Rev. Fox.

Do any members of the Commission have any questions?

ASSEMBLYMAN WOODSON: Rev. Fox, you indicated that some of the testimony given this morning which purported to say that there is adequate housing available in and about urban centers is not factual in that a great deal of that housing is not available to certain groups in the various municipalities throughout the State. Is this a matter of your personal knowledge?

REV. FOX: Yes, this is a matter of my personal experience and knowledge. It so happens that we, through the Council of Churches, for example, are in concert with other groups, fair housing groups, that are involved in programs testing the availability of housing to all people.

It has been our experience that we have difficulty in points in getting and finding such housing being

available.

I am involved personally in a situation in a case which occurred almost a year and a half ago whereby - it happened in East Orange, New Jersey, -- whereby that case has yet to come up for judgment because of the slow machinery of our Civil Rights Commission and its staff in being able to augment or implement its mandate. This is just one example.

There are hundreds of cases upon the books of violations of discriminatory law that have yet to be processed in our State.

ASSEMBLYMAN WOODSON: In other words, then, Rev. Fox, you would say this guide to better apartment living and all that was presented here this morning - that a number of these ads need not have been put in the paper had these apartments been available to all people. Is that correct?

REV. FOX: Yes, sir.

ASSEMBLYMAN WOODSON: Thank you very much.

SENATOR O'CONNOR: Any other questions, gentlemen?

Thank you, Reverend, we appreciate your statement.

The next man I would like to call upon is Mr. Ernest Erber of the Regional Plan Association.

E R N E S T E R B E R: Mr. Chairman and members of the Committee, my name is Ernest Erber. I reside at 117 Clark Street, Glen Ridge, New Jersey. I am a professional planner and serve on the staff of the Regional Plan Association, a non-profit, research and planning agency founded in 1929 to promote the coordinated development of the New York-New Jersey-Connecticut-Metropolitan Region. I am assigned to work with the New Jersey Committee of Regional Plan Association, with the tital of Area Director. The New Jersey Committee maintains offices at 605 Broad Street, Newark, New Jersey. I appear here today upon its behalf and at the direction of the Committee Chairman, Albert W. Merck, a resident of Mendham, New Jersey.

I append the full list of members of the New Jersey Committee to my written statement, but in order to identify the Committee which tends to operate in a research capacity and not necessarily always in the glare of publicity, I think I should just cite a few of the names of the men for whom I speak in my testimony here today.

In addition to Mr. Merck, whom I have already mentioned as Chairman of the Committee, some of the other members on the Committee are: H. Mat Adams, Director of Public Relations, Johnson & Johnson; Daniel M. Ayres, Vice President, First National Iron Bank of Morristown; Robert A. Baker, Vice President, Electric Operations,

Public Service Electric & Gas Company; Proctor H. Barnett, Vice President, Prudential Insurance Company of America; George M. Bersch, Sr. Vice President, Bambergers; Norman Brassler, Chairman of the Board, N. J. Bank & Trust Company, Paterson; C. Richard Carlson, Vice President, National Newark & Essex Bank; John B. Farese, Vice President, Radio Corporation of America; Murray Forbes, Vice President, Howard Savings Institution; Dr. Mason W. Gross, President, Rutgers; David M. Henderson, Vice President, New Jersey Bell Telephone Company; and I should also mention, because at my left I see sitting Mr. Jacobson, Joel R. Jacobson, President, N. J. State Industrial Union Council, so that you will not think we are entirely a business corporate organization.

The housing and renewal bills upon which you are taking testimony at this hearing have not yet been considered by the New Jersey Committee. I appear here today to convey to your Committee the policy of the New Jersey Committee of the Regional Plan Association on state financing of moderate income housing, the subject of Assembly 770.

State-aided moderate income housing was thoroughly studied by the staff of the New Jersey Committee in 1962 and considered in the form of a policy statement by the Committee as a whole at several meetings which resulted in the endorsement of such a program in February 1963.

The Committee and staff have since utilized every opportunity to inform the public on the need for such a moderate income housing program in New Jersey.

Our arguments for state-aided moderate income housing were set forth in our basic policy statement and enunciated upon many occasions since by spokesmen for the New Jersey Committee. I shall draw upon these statements to reiterate our views for your consideration. I quote now from our basic policy statement:

"Private enterprise can and will construct moderate rental housing if means are provided to reduce costs. Such programs in other states have usually been based on a combination of the following forms of public assistance:

(1) land cost write-down through Title One; (2) real estate tax concession; and (3) mortgage money at less than the going rate. The first device has been available to our state since 1949. The second was enacted nearly two years ago in the form of the Urban Renewal Corporation Law - the so-called Fox-Lance Bill. The third has been under consideration in the Legislature from time to time and bills offering various solutions will doubtlessly be introduced again this year.

"We favor a program of state-aid for middle-income housing where used as an integral part of a program designed to protect a city from further deterioration and where such

housing cannot be built without such aid. It should certainly not be used to compete with private housing construction without state aid. The above purpose should be stated clearly and explicitly as being the intent of the Legislature in enacting such a program. The circumstances which necessitate such aid must be determined, of necessity, largely by decisions on the municipal level in order to provide the flexibility required by the great diversity of local conditions. However, a number of safeguards can be, and should be statutory.

"One such statutory safeguard should limit the use of the state's low interest loans to areas declared blighted by the municipality.

"A second safeguard should require rent control and dividend limitation to be in effect for a sufficiently long term to prevent misuse of state aid with the intent of early conversion to open market operation."

Now, that's from our basic policy statement.

The policy of Regional Plan Association's New Jersey Committee was further elucidated in an address before our Second Northern New Jersey Regional Conference on May 21, 1963 in Newark by Milford A. Vieser, Chairman of the Finance Committee of Mutual Benefit Life Insurance Company, a member of the Board of Directors of Regional Plan Association and at that time chairman of our Urban

Renewal Subcommittee. I quote from Mr. Vieser's remarks:

"The Regional Plan Association is, as its name implies, primarily concerned with the changing pattern of the metropolitan region. Our New Jersey Committee is specifically concerned with the future regional pattern in Northern New Jersey. Our region, Northern New Jersey, will be particularly affected in the decade ahead because almost one-half of the tremendous population explosion of the metropolitan area will be in the nine Northern New Jersey counties.

"We would like to make it crystal clear that our approach to the question of middle-income housing is brought about by our concern for the revival - yes, the survival - of our cities. It is not an approach to changing or adding to our housing inventory or housing improvement as a general subject. This concept is contained in a key sentence in which we say 'we favor a program of state aid for middle-income housing where used as an integral part of a program designed to protect a city from further deterioration.'

Continuing Mr. Vieser's statement:

"Since the end of World War II, the new residential construction in our older cities has been predominantly at either end of the income scale - public housing for low income families at one end and the so-called luxury

apartments at the other end. Throughout all of these years there has been a deficiency of housing at moderate levels which constitutes a serious handicap to efforts to revitalize our city.

"If we are to renew our older cities so that they be better places in which to work and live and play, then we must have a balanced population representative of all income groups to assure the physical, social, economic and political stability of our cities.

"I find myself in a strange role recommending state aid for housing for I am a Republican, a conservative financial executive, one who is dedicated to the private enterprise system and one who wants government intervention kept at a low ebb." I am still quoting from Mr. Vieser. (Laughter). "But after a decade of study I do believe that our recommendation is for the best interests of our people.

"I would like to think that this is a union of state aid and private enterprise somewhat like the FHA. The Federal Housing Administration was organized in the early thirties. Certainly the FHA has been a force for good in providing homes throughout our country for our people. It could not have been started without government help and yet this institution has paid back to our Treasury every dollar of its original capital and over twenty-five

years it has not cost the taxpayers of our country one dollar."

I close quotes on Mr. Vieser's address and say:

The principles set forth by our policy statement and enunciated in Mr. Vieser's address were incorporated in proposed legislation in 1964 in the form of Senate 200, introduced by Senator Sarcone, and I think co-sponsored at the time by Senator Grossi of Passaic County. That bill was vehemently opposed by many realtors and homebuilders largely, I believe, due to a misunderstanding of its objectives, especially the preservation of a balanced population in our cities. Mr. Vieser and George F. Smith, former President of Johnson and Johnson, who was then chairman of our New Jersey Committee and currently the President of the State Board of Education invited some prominent realtors to a luncheon meeting at the Mutual Benefit Building in Newark in May 1964 to inform them of Regional Plan Association's concern for the future of our cities. Mr. Smith's remarks on that occasion, addressed to the realtors, are a succinct argument for state-assisted ~~modern~~-income housing. I quote from his remarks:

"Our interest in moderate-income housing stems from our concern for the survival and rebuilding of New Jersey's central cities. That the latter are in serious trouble is well known. Their situation will not improve without a far-reaching program of rebuilding."

SENATOR O'CONNOR: You have a minute left. We don't like to cut anybody short but we have a tremendous list of speakers and we want to give each man an opportunity.

MR. ERBER: All right. I was here this morning to open the doors with the janitor and I have been waiting to testify. I am speaking for a rather large committee which gave me instructions as to what to say. I will try to condense it.

I spoke to Mr. Smith last Tuesday and he confirmed his continuing interest and support and expressed his regret at not being able to appear here today personally. He expressed his pleasure at knowing that I was incorporating his statement of several years ago in my testimony.

I wish to bring to the attention of the Committee one important provision called for in our policy statement and contained in S-200 in 1964 but which appears in a modified version in A-770. I refer to our proposal that moderate income housing be eligible for state financial assistance only if located in urban renewal areas. The modified version in A-770 gives preference for urban renewal programs but fails to protect housing constructed with private loans from the threat of competitive housing on adjacent sites built with state loans at less than the going rate. As anyone who has studied the economics of housing knows, a difference of 1% in the interest rate

can make a considerable difference in rentals. Were the gain in state-financed housing to be offset by a diminution in construction of privately-financed housing, it would defeat the goals of this program.

I trust that those who shall constitute the proposed Housing Finance Agency agree with this view and fully intend to administer this program to avoid any unfair competition with privately-financed housing. Their ability to administer it in this manner could be strengthened without imposing inflexible requirements were the bill to contain language expressing the above intent as a legislative determination.

I conclude with a quotation from the remarks of Mr. Smith with regard to the previous middle-income housing which he had recommended, saying that:

"If enacted, it will supply the cities with another tool vital to working out their own salvation. If they are deprived of such a tool and they sink into a morass of poverty, insolvency and social and political degeneration, they will become a burden upon the economy and body politic of the entire state. I can think of no blow more damaging to private enterprise, and free institutions generally."

Now, that's the end of my statement. I do have for the record a letter which I was asked to introduce into the proceedings from a man who heads a well-known

mortgage and realty company in this State and if I could have just a couple of minutes extra to include this letter.

SENATOR O'CONNOR: Sir, I don't want to cut you off but I have a list here of about 22 names, all holding very prominent positions in the State, so if you could just condense the letter and put it in the record.

MR. ERBER: All right. This is a letter from Leslie Blau, President of the Leslie Blau Company, Realtors and a Division of Blau Mortgage Company in Newark, in which he endorses my testimony, in which he comments on the tax situation in our cities, and, mainly, stresses the fact that moderate-income housing bringing a new taxable improvement to our cities would help the situation tax-wise in these cities. I think it's a well stated point of view from a man with over 40 years of experience in the development of property and of mortgages.

SENATOR O'CONNOR: Would you leave that letter and we will make it part of the record.

MR. ERBER: All right.

SENATOR O'CONNOR: Thank you. Are there any questions by members of the Committee?

Thank you very much, Mr. Erber, we appreciate your statement.

Monsignor Vopelak, Coordinator of the Office of

Educational and Economic Opportunity Programs of the
New Jersey Catholic Conference.

M O N S I G N O R J O S E P H J. V O P E L A K:

Mr. Chairman and members of the Committee I, as you have
already heard, am Monsignor Joseph J. Vopelak, Coordinator
of the Office of Educational and Economic Opportunity
Programs of the New Jersey Catholic Conference.

This office was established in July of 1965 by
the Archbishops and Bishops of the Roman Catholic
Archdiocese of Newark and the Dioceses of Camden, Paterson,
and Trenton, which together form the New Jersey Catholic
Conference.

The purpose of the office is twofold: to
coordinate the participation of the parochial school
children of New Jersey in programs conducted under Federal
aid to education; and, to act as the agency which, in a
real sense, is the external expression of the mission of the
church in the modern world - a church which is deeply aware
of its commitment to the poor of our society, and which is
also seriously concerned with the general welfare of the
entire human family.

It is because of this concern that the New Jersey
Catholic Conference firmly endorses the entire urban
affairs legislative program, being considered by this

Committee today. We view that program as a positive step toward alleviating the serious problems of poor and inadequate housing and urban blight generally. The conference feels that these legislative proposals represent a firm commitment on the part of State government to reassert itself as partner, together with the Federal and local governments, as well as with private industry, in assuming the task of creating a better urban environment for thousands of New Jerseyans. Providing a safe decent dwelling place for all of our citizens should be a primary goal of government and we feel that these bills constitute a significant start toward achieving that goal.

It is an undisputed fact that the multitude of social ills which confront our urbanized society today are in a large part due to an unwholesome community environment. While the need for spiritual guidance was never more evident than it is today, the Church recognizes that the physical conditions which breed crime, disease, despair and community tensions can never be rectified by spiritual means alone but must be realistically dealt with by effective programs of community improvement.

We recognize that there is no general panacea and that the struggle to improve our urban environment will be a long and costly one - but we must begin.

The New Jersey Catholic Conference approves and

applauds the 1967 New Jersey urban affairs program as an opportunity for all of us - government, private industry, civic organizations and the religious community - to join in a concerted effort to make our cities the desirable places that they should and must be.

It was stated by Vatican Council II that the "social order requires constant improvement." We feel that the legislation in question represents such an improvement - a worthy element among the social movements of today. We see it as a step toward the betterment of all those conditions of social life which will allow social groups and their individual members relatively thorough and ready access to their own fulfillment as children of God and members of the human family of this State.

SENATOR O'CONNOR: Thank you, Monsignor.

Any questions, gentlemen?

Thank you very much, Monsignor for appearing here today.

Rabbi Howard Hirsch, Brothers of Israel Synagogue, Trenton.

R A B B I H O W A R D H I R S C H: Mr. Chairman and members of the Committee, I am Rabbi Howard Hirsch, Congregation Brothers of Israel on Greenwood Avenue in Trenton, New Jersey.

Our Synagogue has successfully constructed and operates and maintains the Brothers of Israel Trent-Center Apartments for senior citizens in this city. This was sponsored by our Synagogue which realized many years ago the need for adequate housing for the senior members of our community because of the composition of the membership of our own Synagogue.

We have obtained a loan from the Federal Government which made possible the financing of this apartment building, which is one of the first in our state. We have seen, since this building has been constructed, a renewal process in terms of individual lives of the people living there. People have come to us who are old and they have come out young. I state this emphatically. We have seen people take a new look at what life can offer to them and for them because of our Synagogue's personal concern with their welfare in the management of this building as a public service to the total community.

As a side effect of this building, a 14 story building which has 229 apartment units, we have seen on Greenwood Avenue some urban renewal. I am not an expert but I have lived on Greenwood Avenue for 6 years. Since this building was constructed we have seen private enterprise construct apartment buildings adjacent to our building and not many blocks away.

I have also seen that we have faced many problems with this building because of the financing through the Federal Government. Their Regional Directors have been most helpful and always willing to be of assistance to us, but we have only seen the top man once. He made a trip from Washington at our dedication ceremonies.

The streamlining of communication between those groups which are responsible for the maintaining of these types of apartments who can have available men within their own state who will be able to take a more direct interest with the management in the problems of these apartments would be of great aid to anyone building a similar building.

I feel that this bill, and I am not an expert on law nor am I an expert on all the provisions in this bill - I have read the outline and I have read the bill - the purpose of this bill is laudable and I pray indeed that it be accepted by our State. I feel that this type of bill would add immeasurably to the welfare of all of the citizens of our State and would perhaps encourage other groups to take an active lead in providing much needed housing for senior citizens, for lower and middle income groups throughout the State.

Thank you.

SENATOR O'CONNOR: Thank you very much, Rabbi.

Any questions, gentlemen?

Rabbi, I want to express my gratitude and that of the members of the Committee for coming here today.

RABBI HIRSCH: Thank you.

SENATOR O'CONNOR: Mr. Robert Rowan, New Jersey Civil Service Representative.

R O B E R T R O W A N: Mr. Chairman and gentlemen of the Committee, my name is Robert Rowan and I am President of the Civil Service Association, Mercer Council.

We, some years ago, became interested and concerned about housing for middle income people. I think it needs to be recognized, without too much in the way of statistics, that the civil servants of the state, county and municipal government are people generally, with very few exceptions, found in what would be called the middle-income levels. Maybe \$4,000 or \$5,000 a year to \$10,000 or \$11,000 a year represents the broad spread of the salary ranges of personnel in civil service.

I think that it should be recognized that when these people come to retirement they face very serious problems unless they are going to find their family life completely uprooted, remove themselves completely from this state and to distant parts.

This question was first brought to our attention by Mrs. Harger, who is with the Division on Aging, who is

keenly concerned about the problem facing some of these older civil service employees who were moving to Florida and to other green pastures which always didn't turn out to be so happy. The complete disruption of their lives and removal of these people from their normal way of living, their associations over a life-time of service to the state or to the county or to the municipal governments was one that affected her and concerned her.

We looked into this problem and as an Association we found that it was within our corporate structure, as well as within the bounds of our organizational responsibility to be concerned about the welfare of the civil servants and to be concerned about providing housing for them.

We undertook the organization of a middle income housing project in Trenton through the organization of a limited dividend housing corporation. That was almost three and a half years ago. It still hasn't gotten off the ground.

Now, this is not due to any difficulties perhaps we could ourselves control. We went to a great deal of trouble and we acquired certain lands in the City of Trenton through options to buy and we presented to the FHA our application for funds under the 221 (d) 3 program, and it is presently still pending with the FHA office in Newark. I was advised last week that it is very likely

to see the light of day in the next few weeks.

This imposes on both the property owners, who were cooperating with us, and on the Association a long and unnecessary delay.

The officials of the City of Trenton, Dr. Woodson among them, were very kind in dealing with this matter and very carefully studied the whole problem and gave to this project tax abatement, not because they were interested in being do-gooders or because they were concerned about anything more than the business of the community, the renaissance of this community.

With tax abatement, the revenues returned to the City of Trenton from the particular project which would encompass 180 units, to be precise, was considerably more than the taxes that had been previously paid on properties, I might say, on West State Street, which is presumed to be a reasonably good neighborhood in terms of residences. Almost all of them were in the semi-commercial class. They were doctors' offices, almost entirely, or they had been cut up into different types of multi-family dwellings. These big, old houses that have long since become obsolete and outlived their usefulness as residences had been converted into two and three family dwellings.

However, to bring this to a point, we face today, after some 3 years, the possibility of producing here in

the City of Trenton a fifteen-story building of 180 units which will be devoted first to those middle-income people whom we serve and in whom we are most interested. But we are particularly concerned about those of them who approach retirement and who want to find themselves in center city.

In our surveys we found that people did not willingly move out into the suburbs or they were hopefully returning from the suburbs to the city, because after they retire they like to be associated with the scenes of their lifetime activities. Most of these people were state employees, many of them employees of the county and municipal governments in this area.

SENATOR O'CONNOR: You have one more minute, Mr.

Rowan.

MR. ROWAN: Yes, sir.

We presently now have, and it is now being occupied, a similar project in Hoboken which has reached maturity and has now been built. And I would like to urge you to accept this legislation for what it is as a good beginning, to be administered carefully. It provides greater flexibility than the FHA 221 (d) 3. It provides a close-to-home development. You don't have to go to Washington. Someone said before that they had seen the head of the FHA only once. Well, I've never met him but I have been to

Washington three times to try to get this project in Trenton off the ground.

Gentlemen, I urge you to give favorable consideration to this.

Thank you.

SENATOR O'CONNOR: Thank you very much, Mr. Rowan.

Any members of the Committee have a question?

Thank you, sir.

ASSEMBLYMAN WOODSON: Mr. Chairman, I would like to introduce into the record statements from the following persons:

Donald Horowitz, Chairman, Legislation Committee,
Fair Housing Council of Bergen County;

Irma Thexton, Director, CHOICE;

Linda Grover, President, Three Twenty-Five
Cooperative, Inc;

Representative of the New Jersey Association of
Housing and Redevelopment Agencies;

A statement from Murray Bisgaier;

From the Honorable Hugh Addonizio;

From the Architects Association of N. J.;

The New Jersey Building Inspectors Association;

Veterans of Foreign Wars;

The D A V; and

The American Legion.

All in support of the legislation.

SENATOR O'CONNOR: Thank you. Will you please enter that in the record.

I would like to call upon the next witness, Mr. Joel Jacobson.

J O E L R. J A C O B S O N: Senator O'Connor and members of the Committee: My name is Joel R. Jacobson and I am President of the New Jersey Industrial Union Council of the AFL-CIO, an organization of some 150,000 industrial trade unionists who live in New Jersey.

I am delighted for this opportunity to testify here today and I know Senator O'Connor will understand when I express the hope that it were possible for me to be in this seat next Monday afternoon and have what goes with the seat, the voice and vote, when S-400 comes up for consideration. If you could possibly arrange that, I would be infinitely and deeply grateful to you. (Laughter)

SENATOR O'CONNOR: I think some fellows would wish you were in that seat and that they weren't.

MR. JACOBSON: That's quite possible.

As the representative of an organization of workers, it is perfectly obvious that we are greatly concerned with the program being promulgated by the Department of Opportunity Affairs. In the main, our members live in the cities and urban centers of this State and we are victims of the State's inaction and we hope we are beneficiaries

of the State's intelligent action.

Now, I know it is not necessary to emphasize the fact here that modern city living today has its moments. I can think of times in the past when the workers of our state have awakened in the morning to find out that as a result of the drought they were afraid to turn the taps on for fear there might be no water. Occasionally, the northeast is blacked out and we have no electricity. If we have to drive to work, one of our major struggles during the day is to find a place on the street to ride our car to get to work and when we finally get to where we are going we have no place to park the car. Occasionally, when we go home at night and we open the window we are happy that after we breathe the air we don't choke to death.

So, if all these other problems are problems that affect us in our city and urban living, we would say to you gentlemen, at least please give us a roof over our heads so we can rest up to prepare ourselves to face the next day's living in the great city.

Now, we have found in the past that our members have three specific needs with regard to housing. Many of our members, because of low income, must live in houses that are designated multiple dwellings but which you and I more familiarly know as tenements or tenement living. There are no adequate and anachronistic safeguards upon tenement

living.

Another problem that we have is the general lack of housing throughout the entire state at a price which a worker can afford to pay.

I wasn't here this morning but I understand Mr. Robert Scott, President of the Real Estate Board, submitted testimony to you this morning saying that there was adequate housing in New Jersey. As gentle as I can, I would like to offer a rather vigorous dissent to the opinions expressed by Mr. Scott. I think Mr. Scott would be more accurate if he said there is adequate luxury housing. Mr. Scott's friends and people on his income level perhaps have no difficulty in finding a place to live. But if you are of a low income group, if you are one who finds that there is prejudice to be overcome because of the color of your skin or other outmoded and unnecessary qualifications, there is a great big shortage of housing. And again I would say, if Mr. Scott says there is adequate housing in the State of New Jersey, even though he is a real estate man, he simply doesn't know what he's talking about.

The third problem that we have for the members of our unions concerns those members who have been dislocated because of the necessity of modern living, the construction of urban renewal or the construction of highways often through the cities.

I am happy to point out, as I look over this program being submitted by the Department of Community Affairs, that all these three great problems are met. The first, it's 67 years since the tenement law was revised and brought up to date and we are happy to see that one of the bills here will do precisely that.

Secondly, it affords an opportunity for the State to aid a municipality in sharing the cost of a federally-aided urban renewal project.

Now, I was very happy to hear Mr. Erber say that Mr. Milford Vieser, whom I know and with whom I serve on the Regional Plan Association, regarded himself as a Republican and a Conservative and yet he was still for this bill. I honestly don't know whether I had anything to do with it or not but there was one occasion, at a meeting of the Regional Plan Association, when I tried to bring up the fact to those gentlemen, and they are good, well-meaning gentlemen, that if the Erie-Lackawanna and the Central Railroad or the Pennsylvania Railroad require subsidies in order to operate in our State and, incidentally, make a profit, - if that wasn't socialism, then the construction of middle-income housing to provide a decent place for a person to live isn't socialism either. And I am happy to see - whether I'm responsible, I don't know, but I would like to think so - that Mr. Vieser has adopted this

intelligent, modern position because this shows that there is even hope for those who consider themselves Republican Conservatives yet.

The third recommendation of the major legislation to meet the problem we have is the controls on those who have been dislocated because of the construction of modern necessities.

I would like to submit the theory here that the person who lives in the big city has been getting it from both ends. The inequity of the big city living has been compounded by some of the situations that have developed.

About a month or so ago I went up to Morristown to appear before the United States Wild Life and Fisheries Commission at a public hearing to urge them to locate the jetport at the Great Swamp. I wasn't very popular up there. The people up there took the position that they don't want the jetport in Morristown because they don't want the planes flying over their heads but they have no objection to jets flying over my head or the people living in Newark, none at all. So the people who live in Newark do sustain the inconvenience and, if you will, the inequity of being subjected to this type of harassment, a price of modern day life. That's bad enough, but when the people of Morris County now insist that the State of New Jersey now build highways so that they may conveniently

drive from their palatial, pastoral, bucolic homes into the city to drive to the airport, and these highways disrupt my home and dislocate the business of those living in Newark, you can see readily that we are getting it at both ends.

In conclusion, gentlemen, we regard this program being submitted by the Department of Community Affairs as intelligent; we commend its authors, Mr. Ylvisaker and his assistant, Mr. Sterns, for a basic, liberal program. We are in complete agreement with the broad, philosophical concepts of it, and we would urge its enactment.

SENATOR O'CONNOR: Thank you very much.

Are there any questions?

Mr. Sal Bontempo.

S A L V A T O R E A. B O N T E M P O: Mr. Chairman and members of the Committee: My name is Salvatore A. Bontempo.

Mr. Jacobson has left but I wanted to take exception to some of his remarks with reference to those who live in Morris County only, not to what they want to accomplish.

I am President of the New Jersey Citizens Conference on Housing and Renewal.

The Citizens Conference on Housing and Renewal is established to encourage and promote the development of sound and reasonable housing to fill the State's unmet

housing needs and, as such, it is vitally interested in any new programs which will further this objective. The Citizens Conference is also dedicated to the creation and maintenance of a suitable and healthy living environment for all of the people of the State of New Jersey. And in my capacity, it is a pleasure for me to be able to appear before you today to urge the passage of several bills which have a direct relationship to the goals and objectives of our organization.

In my previous public experiences, I was able to observe the many housing problems which are common to our urban areas. It is evident to me that there is a great housing need to be met in our urban areas especially, and that the approach which is set forth in A-770 embodies the remedies which offer the greatest opportunities for success in meeting these problems.

The concept of a State Housing Finance Agency to work with non-profit and limited profit groups in providing housing for families of moderate income strikes at the heart of the problem of those families whose needs are not being met in the private sector of our economy in many areas of the State of New Jersey. It is in situations such as these that the government becomes rightfully involved in filling a gap which cannot be filled by the natural economic forces influencing our private housing development.

There are other problems and I am sure that the Commissioner of the Department of Community Affairs will be looking into them at the appropriate time.

The fact that this housing program would be established as a loan program on a revolving fund basis offers particular long-term advantages because of its self-sustaining nature. And too many programs have not been viewed with this approach but rather on an out-and-out grant basis.

The provisions for rehabilitation of existing housing offer the possibility for rejuvenating many of our older neighborhoods which are in various stages of decline. The long-term, low interest loans working to salvage many of our older areas can do so with a minimum of interruptions to the families who have characteristically deep-rooted ties to these neighborhoods. This becomes one of the more significant sociological advantages of a program of this type. Too often in the past, attempts at neighborhood rehabilitation have simply meant the uprooting of families of moderate income and an influx of higher income families into the rehabilitated areas.

A-770 provides the type of basic legislation so necessary to the adequate functioning of the new Department of Community Affairs in the all important area of meeting our State's housing problems in an effective manner.

Another piece of legislation which will serve as a cornerstone in the functioning of the new Department is A-768, offering State aid for municipalities undertaking urban renewal. The bill provides for state grants equalling one-half the municipality's cost of undertaking urban renewal projects, with higher grants in certain situations. The basic 50 percent grant provision will allow our communities to redevelop at twice the rate that they are now able to undertake renewal. The significance of this is obvious in the face of the many urban problems confronting us in this, the most urbanized state in the country.

Further, the Citizens Conference on Housing and Renewal is particularly pleased with those provisions of A-768 which relate to the development of public facilities and non-profit moderate income housing in urban renewal areas. The public facilities provisions will encourage our municipalities to develop schools, parks, open space, and neighborhood centers, with up to 100 percent of the local cost of renewal paid by the State.

The loan and grant provisions for moderate income housing in urban renewal areas offer the opportunity for municipalities to have half of the local cost of urban renewal paid for by a State grant, while the other half of the local share would be loaned by the State and repaid out of rent proceeds from the apartments themselves. This

type of direct benefit program offers another opportunity to feasibly provide this much needed moderate income housing in our decaying urban centers - with no cost to local government.

Assembly Bill 767, providing for relocation assistance to families and businesses displaced by State and local programs or projects, provides the means of equitably relocating those who are displaced by government action. This is a much needed program and one which should receive considerable attention in the interests of those few who are asked to sacrifice their homes and businesses for the good of the whole community. Every effort should be made to insure that the displacement of these persons creates a minimum of hardship on them and those with whom they are concerned.

A-757, the "Hotel and Multiple Dwelling Health and Safety Act of 1967" provides the necessary updating of various elements of statutory law to make them consistent with up-to-date standards and effectively relating the regulation of hotels and multiple dwellings to the new Department of Community Affairs. Our organization endorses the passage of this bill and see in it the opportunity for enforcing realistic controls in this increasingly important part of our overall economy.

The remaining bill which we would like to comment on is A-804, which concerns demonstration programs to be administered through the new department. Demonstration programs provide the means for testing new techniques and approaches to the housing problems of our state and can serve as an important laboratory for the creation of new and imaginative programs. It is important that funds be channeled into this all-important research and development program because of the great potential for success which it affords and, conversely, the great danger of short-sightedness if this is neglected.

I would like to thank you for allowing me to speak before you and on behalf of the Citizens Conference on Housing and Renewal. I encourage the passage of these imaginative and necessary legislative proposals; otherwise, you will have created the Department of Community Affairs without giving it the means to carry out the job you intended in the first place.

Thank you very much.

ASSEMBLYMAN WOODSON: Mr. Chairman, I would like to add to the record that Mr. Bontempo is a former Commissioner of the Department of Conservation and, in addition to that, I believe he is one of the pioneers in the field of the kind of legislation that we are talking about today. He has long since had a great interest in this kind of

legislation.

SENATOR O'CONNOR: I think Mr. Bontempo's reputation preceded him and I am sure every one of us is aware of it, that's why you can put it in the record.

MR. BONTEMPO: You are very kind. Thank you very much.

SENATOR O'CONNOR: Mr. Malcolm Talbott, Vice President, Rutgers University.

M A L C O L M T A L B O T T: Senator O'Connor and gentlemen: I am here under several hats. First of all, because I am a concerned citizen of the City of Newark. My name is Malcolm Talbott and I live at 375 Mt. Prospect Avenue in Newark.

Secondly, because I am the President of the New Jersey Committee Against Discrimination in Housing, which represents some 102 social action and civil rights organizations. They are concerned also about housing and about other things which may affect this kind of an operation.

And, Thirdly, because as an educator I consider this particular group of bills which is before your Committee now to be an extraordinary beginning for the operation of this Department of Community Affairs.

We have, I think, some great problems, like

domestic peace, race, housing, education, health and jobs. Those are only some of them, but these bills, in my opinion, relate to every one of them and will help as a kind of additional step toward the solution of the problems that lie there; for example, in jobs, the additional employment which will be available in relation to the construction which this will stimulate in housing; better health; the education which becomes possible on a higher level for many of our minority group people because we will be able to have within cities, in my opinion, those who can now live in moderate income housing under some of the bills which are proposed here, plus the upgrading that lies in the tenement housing.

In the area of race itself, we find that public housing is much more acceptable than those things which are advertized every Sunday in the newspapers in the real estate sections for all of the people. And we would like this participation by the state, therefore, in making housing more open, more available, and helping to solve some of the problems of race and domestic peace which we might otherwise have to face.

I would like to speak particularly with reference to A-767 which deals with the relocation problems. Unlike the gentleman from the New Jersey Council of Churches, I think this is a pretty good bill. I realize that it doesn't

have within it all of those things which deal with human renewal, in which I have great empathy with him, but it does furnish very excellent statewide standards for relocation for all persons, businesses and non-profit organizations that are an essential part of any state plan for renewal.

I also would like to commend those who have drafted the legislation, particularly this particular bill or action, for establishing in this bill what I would hope would prove to be only minimum uniform standards. As we go along in the future we may find needs for amendments but I think this is an excellent beginning and I do not think the provisions should be changed until we have experience with it.

Most municipalities, by the way, may already designate what are existing arms of their government to provide for those programs for displaced persons and their relocation as a result of the urban renewal and the rehabilitation things which are presented, and I think this, again, is a representation of economy in government that is possible under this particular act.

One of the most effective parts of A-767, as I see it, is the provision for flexibility. Many people wonder about what will be the rules and regulations under which we operate, but I believe that leaving this as an

open-ended kind of situation, where we may revise, repeal and amend the rules and regulations that are issued and promulgated, gives us an opportunity under paragraph 10 on page 6 for adjustment which surely the operation of these acts will require at some time in the future. And in those rules and regulations lie the opportunity for adjustment in the relocation processes which may be indicated as needed.

Now, you heard also some talk about already having within our government other agencies where the times which are set for dissenting from actions which are taken are very difficult for the people to operate within. I like the limits which are set within which action must be taken and I think, again, this is a commendable kind of thing; for example, the time set within the act for the application for a hearing after action of 15 days; and the notice of hearings, a 7 day written notice; and in addition to that the time within which hearing must be held, another 15 days, makes sure that we will have a speedy kind of redress of grievances. Also, we have the certainty that there will be orders issued and the stays will not be unduly given. This has been a problem in many instances in the past and I am happy to see this here and I would not like to have anyone's testimony influence you to change it.

I would like just to say in ending that I believe

that the whole package of bills which have given a kind of milieu now to our Department of Community Affairs and its Commissioner and his staff and within which they can operate is part of my earnest hope that they are merely a beginning. It is my earnest hope that the state experience with these legislative actions, all of which I hope will be adopted by you, will lead New Jersey to what I would call a further role of leadership. Some of these, after all, we are borrowing from a neighbor, aren't we? And what I am hoping this role of leadership will do will be to take us into a solution of problems in community affairs on very broad fronts.

We are the nation's most populous state, with more persons per square mile than China, India or the Netherlands. This is a fascinating thing and it means, therefore, that we are recognizing by the beginning of this legislation in the Department of Community Affairs, that we have to be in the vanguard in solution of problems resulting from urbanization.

Thank you, gentlemen, for letting me speak to you this afternoon.

SENATOR O'CONNOR: Thank you very much.

Are there any questions?

Mr. Oliver Lofton, Director, Newark Legal Services Project, please.

O L I V E R L O F T O N: Mr. Chairman, Dr. Woodson, distinguished members of the Legislative Committee: My name is Oliver Lofton. I am an Attorney admitted to practice in the State of New Jersey. I reside in the City of Newark. At present, I am the Administrative Director of the Newark Legal Services Project which is a project operating under the auspices of the Office of Economic Opportunity with the stated purpose of rendering legal assistance to individuals in the City of Newark who would be classified as at the poverty level.

First of all, I would like to endorse everything said by my predecessor, Mr. Malcolm Talbott with respect to the other bills in the package that you gentlemen have before you for consideration, but I would like to place particular emphasis in my remarks on Assembly Bill No. 767 dealing with relocations.

In my view, this legislation is of substantial importance to vast numbers of urban dwellers who, though the beneficiaries of redevelopment in our cities, are also in a very real sense its victims.

As the Administrator of the Newark Legal Services Project which, as I have indicated, was brought into being to provide legal representation to the poor of Newark, I have seen first-hand the upheaval which occurs when these renters, the disadvantaged, the poor, are forced to move

because of a public taking. Finding any new housing is a burdensome task. Finding decent, safe and sanitary housing at a price which they can afford is doubly difficult. Moving a household often creates an unsupportable financial drain on their already limited resources. Slum dwellers, in particular, bear the brunt of an otherwise desirable process of expansion and renewal. Because their financial resources are at best marginal, they find themselves required to move from substandard housing slated for demolition to other substandard housing which will be the target for demolition shortly thereafter. And each such move creates again the hardships which I have here described.

With the passage and implementation of the proposed legislation, the process of making way for the new city will at least be a bearable process to these city dwellers. Some money will be available to them to facilitate the uncomfortable task of transplanting so that transplanting will not lead to financial disaster.

Equally important, relocation will become an upgrading rather than a demoralizing process because the housing to which the dislocated will be moved will be adequate and safe housing.

In my opinion, the creation of fair and protective relocation plans in connection with public takings will go a long way toward curing the terrible sense of helplessness

frustration which the poor, in particular, experience every time they confront the process of a forced move, no matter how desirable the public purpose for which that move is required.

It cannot fail to be noted, however, that the proposed legislation is not a panacea and, indeed, its salient purposes probably cannot be fully implemented until attention is given by the Legislature to measures which will hold rental costs within the renting power of the urban population, a substantial portion of which is made up of persons in the economic status of poverty or near poverty. Decent, safe, sanitary housing presupposes vigorous court code enforcement. If code enforcement means that landlords will divert the cost of maintenance and repairs to the tenants in the form of rent increases, the decent, safe and sanitary housing required by Assembly Bill 767, which is now before you, may well be out of the financial reach of those whom the bill is designed to protect.

I would, therefore, respectfully commend to this Committee not only this piece of legislation before it but also to give consideration to additional legislation which will impose rent controls to insure that safe, decent and sanitary housing is kept within the financial means of a substantial portion of the target population

to which today's bills before you gentlemen is addressed.

Thank you.

SENATOR O'CONNOR: Thank you, Mr. Lofton.

Are there any questions, gentlemen?

Thank you for appearing.

Mr. Phillip Comora, please.

P H I L L I P C O M O R A: Mr. Chairman and gentlemen of the Committee, I come before you with 22 years experience in the real estate field in all phases. I am not going to speak on that. I made up my mind this morning that if my name had been called after Arthur Padula's I would have passed. He said enough and he covered enough in the field of real estate and he covered it quite well.

I would just like to speak on supervision, particularly A-757.

I have served 12 years with the Board of Tenement House Supervision, Bureau of Tenement House Supervision, and presently serve on it. I would like to invite Mr. Ferguson and Mr. Scott to observe how we conduct or what goes on with the tenement house proposals that come before us.

There is only one thing I would like to say in regard to building or builders, or that type building being built today. In the 12 years I have spent on the Board, 9 out 10 of the high-rise apartments being built

have been in the high-level or luxury rentals.

Where we get the most trouble from is in the conversion jobs, the two-family, one-family, that want to convert into four families, or the three-family that wants five families, and they are frame houses and this is the area that becomes your slums, and this is the area where the low-priced housing would be.

Our Board consists of five members. We meet once a month or more if we are called on. When our Board has any proposition before it that we can't handle, we throw it in the laps of the A.G., the Attorney General. I wouldn't call him a czar. He has the last word on anything we might do. This so-called czar, as I heard him called here today, wants to do nothing else but be a humanitarian.

We have 22 inspectors on our Board. Only 16 cover the State. Three of them, 3 of the remaining 6, cover new construction. The other 3 are on violations and requests for inspections.

Of the 563 and some odd municipalities in this State, there are only approximately 100 municipalities that have signed up with the Housing Department in Conservation and Economics, that follow a state code, approximately 100 of the 563.

Of the 563, there are many municipalities that do not have building inspectors. Now there's no supervision

there at all. And these remaining municipalities that do have building inspectors, many of them go on a one-year basis or a two-year basis, depending upon when their elections are held and who is elected and whom they appoint, and many of these building inspectors do not quite fill the bill.

So that this man will not be a czar, he just wants supervision over all these units that are built and operate and should be livable in this state.

In our Department we also have the hotel department, not covered by the tenement house up until this time. And for all the hotels in this state there is only one inspector designated for the state to cover all these hotels.

I am sure that the Commissioner would follow a set of building guidelines. He certainly has one now and I'm sure that he would do the proper thing in setting up a set of guidelines in construction and supervision for the buildings, tenement houses. And I might add that in all these garden apartments in this state they do not have any state supervision. They come under the supervision of a local building inspector who may not be qualified.

So these are the things that the Commissioner is trying to rectify by bringing them all under supervision for the protection of the citizens of the State of New Jersey.

SENATOR O'CONNOR: Thank you very much, Mr. Comora.

Are there any questions?

ASSEMBLYMAN GRECCO: In these communities without building inspectors, what's the mode of operation there? How are the new buildings accepted?

MR. COMORA: Well, when a builder does want to build - generally they are in a small municipality and they don't follow any particular code and they don't know that there is a Tenement House Board. Many of the times we have been overlooked by some municipalities that do have building inspectors. They are not aware of the Tenement House codes or statutes.

Our codes were initiated in the year 1904 and it's only in 1910, 1923, 1953 and the last one was a few years ago that there have been any amendments made to the Tenement House Code. We have tried to upgrade them as much as we could.

These small municipalities do not go in for any multiple dwellings. It would be up to them or their local authorities as to how they treat their single home building.

ASSEMBLYMAN GRECCO: Thank you.

SENATOR O'CONNOR: Any further questions?

Thank you very much, Mr. Comora.

Mr. Walter Brazell, Executive Director, New Jersey

State Hotel and Motel Association.

W A L T E R B R A Z E L L: Mr. Chairman, members of the Committee: My name is Walter T. Brazell. I reside at 28 Morningside Road, Verona, New Jersey, and am employed as the Executive Vice President of the New Jersey State Hotel-Motel Association, a trade association representing the leading hotels, motels and resort properties in the State.

An Association Committee has studied the legislation proposed in A-757 and has reached certain conclusions.

Generally, we regard the measure with some favor but with specific reservations.

As we see it, if properly amended, the Act could be a forward step in the improvement of health and safety for occupants of hotels and motels, both guests and workers alike. It could also represent an improvement in the construction and maintenance of those buildings designed to provide overnight lodging.

If it is the intent of this Act to unify the present laws covered by the Tenement House Act, the Hotel Fire Safety Law, State and Local Building Codes, and I would like to add, the Worker Health and Safety Act of 1965 - if this unification does take place, with sound logical and reasonable regulations, we believe that the health, safety and welfare of the public would be assured.

To implement any such intent of the Act, we recommend that amendments to A-757 be considered, and these might be:

Under Article II, Section 5 (a) that the Hotel and Multiple Dwelling Health and Safety Board be expanded from the proposed legislative intent in this act from five members to ten and that the expertise of the industries that are to be covered under this, the Hotel and Multiple Dwelling, be represented on that board.

We would like to recommend that of the additional 5 members being added to the original 5 that 3 be taken from the membership of this Association.

Article III, Section 11 (a) That such applications for "exception" from the literal requirements of the regulations pursuant to Sections 7 and 8 of this Act be submitted to the suggested 10 man Board for review and advice to the Commissioner.

Article IV, Section 15 (a) and (b) That the fees described for the submission of plans and specifications for the Commissioner's approval are considered excessive. A motel of 100 rooms when constructed will usually run in excess of \$1 million. Under this Act the cost of submitting the plans would be about \$1,000. Not only does this constitute some duplication with local building departments and their related fees but plans, we find, submitted to the

federal government usually carry no fee at all. We recommend that the fee of \$1.00 per \$1.000 of construction costs be reduced to 25 cents per thousand.

We further recommend that current statutes under the State Department of Health be examined to determine where, if any, conflict or overlapping of jurisdiction occurs concerning hotel or motel buildings. We, however, do agree that local boards of health should continue their controls where food handling and service of alcoholic beverages are concerned.

It is further recommended to the Committee that the Department of Labor and Industry's Worker Health and Safety Act of 1965 be amended to remove jurisdiction of that Act over hotel workers and hotel buildings. The safety and health of occupants and those of hotel workers can be controlled equally well by this Act, A-757. We find many conflicts between the Worker Health and Safety Act, for example, and the Hotel Fire Safety Law. One proposed to control health and safety over the worker, the other over the occupant, yet the same building applies to both, the worker and the guest occupy and use all sections of the building.

We find that these excessive regulations and conflicting jurisdiction and inspections without end should be controlled and in some cases even abolished.

To repeat, we favor the Act if the intent is to unify and to improve the health and safety of the public, both the building occupants and the workers. However, if the amendments as we see them and recommend are not considered, I am afraid that we would have to take the position of being opposed.

Thank you very much.

SENATOR O'CONNOR: Thank you very much, sir.

Are there any questions that the Committee would like to ask? (No questions)

Thank you.

Mr. Dana Whitman, Town Manager, Newton, New Jersey.

D A N A W H I T M A N, J R.: Mr. Chairman and members of the Committee: My name is Dana Whitman, Jr., I am Town Manager of the Town of Newton, Sussex County, and I am here today to appear before the Committee as a representative of the Town Council of the Town of Newton and the people of Newton.

I have a statement which I would like to present, to be made a part of the record of this hearing and also some additional information that I will leave for the members of the Committee if they wish to go over it.

Newton is a small, self-contained, old community. Except for size and the magnitude of the problems, we have the same problems as the large, central core cities. We have blighted areas, sub-standard structures, narrow streets, traffic problems and limited financial sources with which to meet our problems.

In Newton, we are particularly interested in the pending legislation involving state assistance for urban renewal, relocation assistance, and to a lesser degree in the other proposed bills that are included in this package.

That is all I would like to present. I will be happy to answer any questions if the Committee has any and I would like to leave this statement with you.

ASSEMBLYMAN WOODSON: We would appreciate your leaving your statements. Are there any questions? [No questions]

Thank you very much, sir. I will call Mr. William Brach, representing the City of East Orange.

W I L L I A M B R A C H: Gentleman, I join with the others in expressing appreciation for the holding of this hearing and for my having an opportunity to address you. I am here on behalf of the Mayor and the City Council of the City of East Orange. I might say at the outset that the bills I see were introduced on the 13th of March and in the brief period we have not had an opportunity in advance of their being made available to the public to study them. Of course, A-770 in basic form has been rocking around the State of New Jersey for some years as a proposal for consideration but some of the other legislation is fairly new.

Our city has basically supported the type of legislation that you gentlemen have before you. We have supported and endorsed publicly legislation of the type of A-770. We are in favor of middle income housing and in favor of this vehicle. Middle income housing is one of the most helpful methods of producing moderate income housing in reasonably substantial quantity to meet the needs of the municipalities of the State.

Much of what I am going to say would in a sense open some questions with respect to this legislation. I do that not because we have any differences with the concepts or the basic proposals that are before you. We support the assistance for urban renewal. We support the seed capital proposal, the

demonstration proposal. We look hopefully even to the use of that as part of some communities such as ours in advancing their plans for a model neighborhood designation under the Federal program which isn't incorporated in the bill.

There is reflected in this legislation many interesting, innovative, useful, instructive approaches, and we support them in theory, we support them for the most part as they appear in this legislation.

I would like first to address some remarks to A-770. I note that the comment was made by some of the opposition that Section 221 (d) 3 program under the national Housing Act should suffice and therefore a state program is not necessary. I think in this connection I can speak not only as a municipal attorney but as a practicing houser representing private interests as well, having personal and direct experience with the 221 [d] 3 program. And I can say categorically and unequivocally that in my judgment as a practicing houser the 221 [d] 3 program, while certainly productive of some housing in this State, falls far short of supplying the necessary and needed mechanism for moderate income housing statewide. First, it is subject to the usual federal restrictions. For example, in our own city a redeveloper applying for the FHA, for 221 [d] 3, preliminary approval received his documents back only because the entire workable program of the city was delayed through the mechanics of HUD and not through any delay

for which the city was responsible. This meant that this private developer had to wait until there was clearance from Washington on matters unrelated to his application. At the present time, for several months, developers in the City of Newark interested in 221 [d] 3 legislation have submitted applications for processing to the FHA only to have them returned intact with the FHA's advice that they are powerless to proceed with the processing because the workable program is still being reviewed and until the certification comes through Philadelphia to Washington, up the chain of command, there is nothing that can be done; there is a state of paralysis in the 221 [d] 3 program in the City of Newark at the present time by reason of the onerous and burdensome procedures utilized by the national administration.

This is not a reflection on the local FHA. It is perhaps not a reflection on any single office of HUD but it is a reflection on the fact that is revealed in a national administration and the intricacies of their procedure that there are inevitable sustained delays that reflect our inability to meet the needs of the city entirely.

I can express to you from personal experience the long delays in processing through FHA by reason of the fact it is three levels. You start with the Newark Office or in South Jersey in the Camden Office. This then proceeds through the regional office and then, if it is large project, it proceeds

to the national office. To get a single decision, each office has to pass on it and then it rests in a pile on someone's desk until it moves to the next step, and then back down the chain of command until the developer applicant gets word as to a particular aspect of his project.

Now, when you add these problems up and they occur half a dozen times or maybe a dozen times in the course of a single project, end to end you get a long delay between conception and birth. And this is why we find in FHA projects everybody is saying they don't understand quite where the delay came in; it wasn't this person's fault or that person's fault, but nevertheless the cumulative effect to the public and to the cities is that housing is very slowly getting built.

Now, if we do have a state program, we would have an opportunity to have a streamlined administration and to produce this housing in a much shorter time because it is done within the geographic provinces of the State of New Jersey.

There is also, of course, under any national program the limitation of funds. Only so much money can be allocated to the State of New Jersey and, as the urban renewal programs progress across the country and proliferate, the demand on these funds becomes greater and New Jersey can only expect a limited share. So the State program has an important

function in making available a new source and a different source to make sure there are adequate funds for all interested.

Thirdly, there are peculiar specific problems in New Jersey and one of them is the family income limit problem which makes the producing of these projects on a sound economic basis extremely difficult. Someone earlier referred to the construction of "high rise." The economics of "high rise" are such that in the City of Newark today, 221 (d) 3 with a high rise project cannot be built, according to the local FHA.

Hopefully, a state administration conscious of where the Federal legislation falls short can so design its program to make available mortgage funds for high rise construction in the major cities or elsewhere where there are urban renewal projects underway, where the federal agency has found or on their own interpretation that they cannot make the program fit. This is a very difficult, sensitive, intricate program to fit together and I am hopeful and optimistic that if you do approve A-770 it will give us a start on the state level on a very practical basis to try to fit together what, under many circumstances federally, has not been done.

I would like to also comment on the proposed limitation of A-770 projects to urban renewal areas. I believe that the bill as written is superior to the proposal of limiting these

projects to urban renewal areas. To so limit them would perhaps encourage new ghettos that provide stratification of income to designated areas rather than recognizing today that our municipalities must develop all kinds of housing that is available in different parts of the city. We can't say that this is the part of the city for the people that earn \$4,000 to \$8,000 and we are going to put the \$8,000 and above there somewhere else. This is the type of community development which I think, from just a basic sense of the democratic growth of our municipalities, we would be opposed to.

I do feel and have to urge that three other bills presently in the State, County and Municipal Government Committee of the Senate - S-364, S-365 and S-366 - be considered concurrently. I think that they complement and work as part of A-770. These bills would do more in one single step to encourage private capital to invest in moderate income housing than any single piece of legislative act that I can conceive of, and I speak as an attorney and as someone somewhat familiar with real estate investment and taxation.

These bills do a very simple thing. They would enable the developers and sponsors who would like to utilize A-770 to do this as an unincorporated form. This means that those investors could obtain under federal income tax law the benefits of depreciation which is allowed under IRS regulations. Presently we are strapped. We require and

limit these developers to a corporate form under limited dividend housing corporation and under the urban renewal corporation law and what we are in effect doing is blocking ourselves and shutting off a supply of capital that could be very easily encouraged and directed into middle income housing.

ASSEMBLYMAN WOODSON: I don't want to interrupt you but would you be able to sum up within a few minutes?

MR. BRACH: Yes. I would like to turn attention to two areas of specific concern to the municipalities of the State and to our own. While we do believe that the Tenement House Law as it presently stands is in dire need of a full overhaul, the bill that is submitted - I think it is A-757 - would in its present form, unless modified, in our judgment undermine our local housing codes and property maintenance code. The bill provides that any local ordinance that is inconsistent with the Commissioner's regulations would be void or invalid. This means, under the most recent interpretation, in the case of Verona vs. Shalit, that any local ordinance that seeks to be more restrictive, to have a higher standard, would be considered as inconsistent and, therefore, void. Now, it might mean, for example, if the Commissioner, looking at housing from a statewide prospective, felt that a certain common denominator standard was appropriate, that our community, feeling we would like to have a higher standard, would have our hands tied. I don't think this is the intention of the department. I did have an opportunity to speak to the

Commissioner briefly this morning and we would like the opportunity to review this to see if a proper relationship could be worked out between the municipalities and their local ordinances and the department, and we look forward to doing that.

We do have a second objection and then, gentlemen, I will finish my remarks, in the relocation legislation. I am fully sympathetic and recognize the problem of relocation as it affects people who find themselves unhappily and by circumstance in the path of public works. We do feel that when we get the code enforcement to compel a municipality to pay up to three thousand dollars for a business that houses itself in a completely inadequate structure at the price of having employees working in a building unfit for human use, and to close it down under public health and public safety standards, and then to have that occupant turn around and say, "Fine, we'll do it but pay us two thousand eight hundred and ninety-five dollars, our cost for moving," places on local taxpayers a burden that doesn't belong to them. It's not theirs. We say that if legislation is to impose a cost burden on the taxpayers and municipalities, perhaps this is an area where we should receive some grants-in-aid to cover the cost, and I don't think the authors of this legislation intend to increase the burden of the municipalities of the State. As a matter of fact, the relocation provision in code

enforcement is to discourage us from going in and closing a building up because we know it costs us two hundred dollars a family and three thousand dollars a business if they can prove the cost of relocating. It would be better for us fiscally, perhaps, to turn our back on the problem and this is exactly what you are not trying to do. So we suggest that in the area of code enforcement, there is a distinction, so far as relocation assistance as against the ordinary public works where the person in the way has no choice. He finds that this particular property just by reason of its location the municipality wants to acquire or the county for a county road or the state for a state highway. But in code enforcement this isn't a municipal choice or a county choice, this happens to be a building that is poorly maintained and the relocation cost should not be one which is burdensome on the other taxpayers and the municipality.

Other than this, there are a number of odds and ends suggestions that we have. I would rather submit them perhaps in writing or discuss them in some further hearing or perhaps more directly with those who are doing the technical drafting. Our department would be happy to cooperate fully with the Committee and those doing that.

I have copies of a more detailed statement, specifically on A-757, that has been prepared and I will leave some here

and I do have copies of a statement which deals with A-770.

I'm sorry I took a little bit more than my allotted time. Thank you very much.

ASSEMBLYMAN WOODSON: If there are additional suggestions or any possible amendments or adjustments regarding the legislation, will you kindly forward them to the Chairman of the County and Municipal Government Committee, with a copy going to the Department of Community Affairs.

MR. BRACH: Fine. I'll be glad to do that.

ASSEMBLYMAN WOODSON: Thank you very much.

Mr. Howard H. Kestin, Director, Legal Services, Department of Community Affairs.

H O W A R D H. K E S T I N: Gentlemen and members of the Committee, my name is Howard Kestin and I am a resident of Passaic, New Jersey, and I am Director of Legal Services of the Office of Economic Opportunity in the Department of Community Affairs. I think, therefore, it would be rather superfluous for me to say that I think this whole package of legislation also represents a very necessary giant step forward.

I have requested the opportunity to make several comments, however, on Assembly Bill 763 specifically, which would provide for the interchange of employees between various levels of government because I regard this bill as a most important measure with an obvious purpose, the significance

of which, however, may not be apparent on its face.

I believe that vast benefits would accrue to the State of New Jersey and its political subdivisions through the machinery which this proposal would establish. The extent of such benefits is potentially so great that none of us probably can appreciate them fully at this time.

As the operations of government have become increasingly complex in recent years, so has its activity become increasingly specialized. As we become continually more sophisticated with respect to the manner in which governmental operations may be conducted more efficiently and as we expand upon our realization that certain societal goals cannot be achieved without the participation of government, new disciplines evolve within our governmental structures which result in the development of specialists in specific fields of governmental endeavor. And, where new disciplines are not wholly created there are often developed new approaches within existing disciplines.

For example, community action programs organized under the war against poverty have developed and continue to evolve new approaches to dealing with basic group problems of a segment of our society. The foundation of success in the community action effort has been "meaningful innovation," for until the organization of this effort, the problems of the poor had never been dealt with exclusively. Old approaches

in established fields such as social work, counselling, rehabilitation, manpower training, etc., have been relevant primarily insofar as they have served as a point of beginning. In order to begin to solve the peculiar problems of the poor effectively, it has been necessary to formulate new approaches from those previously used to solve similar problems in a more general way for a broader segment of the community. Consequently, there have developed on the federal and state levels both in and out of New Jersey groups of people who have become or are becoming specialists in the problems of the poor. They have collected a great deal of knowledge and experience which might be applied most beneficially on other levels of government and in other areas. It would be a shameful waste indeed if these existing experiences and talents could not be drawn upon in a most direct and meaningful fashion. The development of similar approaches on other levels of government and in other areas should not begin anew, but should instead be able to profit by achievements elsewhere by the interchange of personnel.

In my own discipline, the legal profession, we are developing new ways of approaching legal problems as we seek to use the existing and traditional structures of the legal system to better the lot of the poor. We are, in short, producing specialists in poverty law, as is witnessed by the excellent comments of my colleague, Mr. Lofton, several minutes

ago. These are persons who are not only attuned most meaningfully to the individual problems of the poor and who, as attorneys, are committed to seeking solutions in the traditional manner, on a case-by-case basis, but they are also developing broader approaches for using the legal system to effect comprehensive changes to solve the basic common group problems of the poor which often generate their legal difficulties.

We in New Jersey have developed new ideas and approaches by which others elsewhere could benefit. Similarly, there have been developments elsewhere in the United States, such as in the field of legal rights and processes with respect to migrant farm labor, for example, from which we could benefit most significantly if there existed a machinery for bringing the responsible persons into our operation for a period of time sufficiently long to enable them to impart to us their experience and help us to develop properly or improve our functioning in such subject matter areas.

Areas in which state and federal governments function cooperatively or, at least, concomitantly continue to increase in number and frequency. As the activities of the states and the federal government continue to interrelate, it will be most helpful to both levels of government if personnel in each could be thoroughly aware of and familiar with the problems faced by both as a matter of practical experience

rather than hypothetical supposition as has too often been the case in the past. By way of concrete example, it would be of undoubted value if an urban renewal authority in New Jersey or a state agency involved in the field were to be able to have on location as part of its staff a representative of the federal housing and urban renewal authorities who would act as a regular employee of the state or local agency for a given period of time. His consultation, his advice, his participation in the day-to-day workings of the agency would all serve to impart knowledge, techniques, and concepts of no mean importance which could later be drawn upon most meaningfully. At the same time the federal official would develop an understanding of the problems of the local or state agency which would serve to improve their future dealings between the federal government and the local or state agency itself. In a similar vein, as the emphasis on community planning and development increases, it will undoubtedly be most valuable for local and regional planning agencies to have on location, as regular staff, specialists in certain problem areas provided by state government. To answer this need, a corps of such specialists would be developed or expanded and could better serve their own state agency because of a broader appreciation of local problems.

Additionally, we in New Jersey, having reached certain points in governmental and community development, often find

that other states have preceded us and have been working and evolving concepts and techniques in given areas for some period of time. It would be most helpful to our State and its municipalities and counties if we could fully draw upon the experiences of these other states by bringing to New Jersey individuals with extensive background in such areas of endeavor which are new to us.

Perhaps the most fascinating aspect of A 763 is that it would establish a program of intergovernmental relations which could only produce benefits and which would not impose additional burdens upon the taxpayers. It provides for a trading of experience, ideas, techniques, which can only serve to promote the efficient operation of government thereby resulting in benefits to the taxpayers. It reflects, I believe, a mature appreciation for the present-day role of government and the existence of common problems which must be dealt with and solved. It recognizes that we in New Jersey can benefit from others and that we have much to offer them. It rejects provincialism in favor of governmental efficiency and effectiveness and thus is most worthy of experiment.

Thank you very much.

ASSEMBLYMAN WOODSON: Thank you, sir. Are there any questions anyone wishes to ask? (No questions) Thank you very much.

Mr. Romolo Bottelli, Jr., representing the New Jersey Society of Architects.

R O M O L O B O T T E L L I, J R.: Mr. Chairm and members of the Committee, my name is Romolo Bottelli and I am a member of the New Jersey Society of Architects and a Fellow of the American Institute of Architects.

I came here to discuss Assembly Bill 757. For quite a number of years, committees of architects have been working on the Tenement House Law to try to bring it up to date and, as you know, the only way it can be done is by an act of the Legislature and for one reason or another we just can't get by. This new bill, 757, offers a chance to get rid of the existing Tenement House Law, as I understand it, and new laws will be prepared to govern such construction. The existing code as it is now inflicts quite a few hardships on owners and builders and designers of buildings. Of course, the code was drawn up in 1904 and at that time they weren't thinking of these modern materials we can use today, so we presume that your new code will be more of a performance code than the old specification code that we are working under now and that it will set forth certain standards and performances required.

We are thinking in terms of the accepted National Code like the Bocca Code or the National Board of Fire Underwriters or even the State of New Jersey Building Code is a very good code.

We would like to have, if you will, representation of the architects on the committee to frame such a code.

Now as to 757, we see only one objection to that, which is including the two-family house. The existing Tenement House Law starts with three or more, and I am wondering if you are not taking in too much territory.

SENATOR O'CONNOR: Thank you very much. Are there any questions by members of the Committee? (No questions).

Mr. Bernard Chazen.

B E R N A R D C H A Z E N: My name is Bernard Chazen and I am an attorney and I do personal injury work, and I have been asked to testify because of some of my experiences and the experiences of my colleagues with violations of the Tenement House Law. Now, it's late and I will not go into all of the remarks and some of the stories I could tell you about fires and disasters that have occurred, particularly in pre-1904 buildings. I think it is very important and I am only addressing myself to the Tenement House Law because I am not familiar with the other bill. I think it is very important that there be one responsible official in the State who will have both the responsibility and the power to phase out the deficiencies that have existed in so many of the houses that pre-date 1904. These are largely the core of our slums. The statutes - and I invite you to look at them - provision after provision says "in houses built after 1904." The act was

enacted in 1904 and by the then recognized standards of safety, fire safety, etc., these houses did not measure up. They required special exemptions in the statute, and I respectfully submit that after 63 years, the statute of limitations should run on some of those grandfather clauses. The original owners of the buildings have long since recouped their original investment and there is really no excuse for many of these conditions which were certainly not proper or did not measure up according to the standards of 1904. They continue to exist and I call to your attention, if you just pick up the newspaper, whenever you read of the fires in these slum areas, you can almost always bet that you are dealing with a building that did not conform even to the standards as they were recognized in 1904 - lack of fire escapes, air shafts which actually act as flues in case of fire, and things of that type, narrow hallways, and so forth and so on - we have many of them still in the State, particularly in the slum areas. Now I think a Commissioner would be in a position to study these problems. I think he would be in a position to require them either to be corrected or phased out, but I think after 63 years some of these inadequate, obviously inadequate and recognized as inadequate buildings should either be corrected or should go.

Thank you.

SENATOR O'CONNOR: Thank you very much. I'm sorry you had to wait so long.

Mr. Carter.

R O B E R T A . C A R T E R : Good afternoon, gentlemen. My name is Robert A. Carter and I live at 312 Fabyan Place, Newark, New Jersey. I am employed as an Assistant Professor of Law by the School of Law of Rutgers, the State University in Newark. My special field of interest is urban law and particularly code enforcement. I wish to speak in favor of the passage of Assembly 757, the proposed "Hotel and Multiple Dwelling Health and Safety Act of 1967." New Jersey has long been a pioneer in dealing with the problems of housing standards. It was the third state to pass a tenement house act shortly after the turn of the century. It seems to me, therefore, appropriate that it now be the first to pass a statute which would erect a comprehensive statewide corpus of standards for hotels and multiple dwellings.

In my opinion, the statewide regulatory system which would be erected under this bill, the fact that the system would be administratively promulgated, and the imposition of a civil rather than a criminal penalty for violation of regulations represent creative and original answers to three of the most serious problems which have arisen in the code enforcement field.

The history of the administration of housing standards has, up to now, not been a history of effective and vigorous

enforcement; rather code enforcement has been spotty, marginally successful and far from the effective tool it could be in the fight to carry out the often-stated national and state policy of providing decent, safe, and sanitary housing for every family. Commentators have exhaustively catalogued the difficulties code enforcement has had in the past. In my analysis, the main difficulties have been four in number. First, code enforcement has been hampered because it has been a function often entrusted to municipalities. The traditional restrictions and characteristically narrow reading placed upon municipal powers by courts influenced by the so-called "Dillon Rule" have made enforcement officials operate with a limited and circumscribed mandate. Second, the sanctions characterically provided for violation of codes have been either criminal in nature or have involved cumbersome and economically impractical receivership devices. The difficulty with criminal sanctions is that not only defendants but courts as well have felt that the criminal process is inappropriate for the enforcement of code schemes. A criminal court judge, after a day of trying thieves and rapists, is hardly likely to deal firmly with a well-dressed middle-class landlord who comes before him for violating a code. As a result, the usual judicial proceeding has been transferred from the trial of a crime to a kind of conciliation proceeding which gives

the landlord still more time even though he may have already had months to comply and may have exhausted a long and complex administrative appeal procedure. Even when fines are imposed for violations moreover, they have characteristically been so low as to constitute merely a minor business expense for the landlord maintaining a dwelling which may well put the lives of its occupants in daily danger. One observer has calculated that the average fine imposed in New York City has amounted to approximately 50 cents per code violation.

Nor have receiverships and similar remedies proven realistic enforcement devices. Two years ago I was given the task of drafting for the redevelopment agency of New Haven, Connecticut, an amendment to the housing code of that city to provide a receivership remedy. I did my best to provide the best possible such remedy under the enabling act but when I submitted it I felt compelled also to submit a memorandum which included the following:

Even if the major problems enumerated in this memorandum, including the problem of post-receivership rent increases - are met, there still remain certain drawbacks which would arise in implementation of this statute. The fact that the receiver is limited to enforcing bare compliance with the standards of "serious fire hazard" or "danger to life, health or safety" is one already mentioned. Another is that in attempting to process receivership, the city runs a chance that the court will hold against it, and such a holding would probably make any subsequent attempt to bring a criminal prosecution against the same landlord for the same condition almost surely doomed to failure, for although technically the finding of the court of common pleas

would not be res judicata in a Circuit Court proceeding for violation of the order, the Circuit Court would probably accept it as dispositive of the case. Finally, one may look to the record in operation of the New York statute, one considerably more carefully drafted as a part of a regulatory scheme than the Connecticut law. Despite this care in draftsmanship, the New York statute has proven too cumbersome to enforce conveniently. Proceedings toward obtaining receivership sometimes take up to a year, and by April 1, 1964, two years after the passage of the statute, only 34 properties had been put into receivership.

Thus it seems clear that this statute will probably not provide a very useful tool to secure New Haven Code Enforcement. It will, however, probably be of some use as an in terrorem statute to help "voluntary" compliance, and may provide a proper remedy in certain limited circumstances.

Surely, the kind of in terrorem effect I described is not enough.

Third, code enforcement has faced the problem presented by changing standards and new developments in housing practices and technology. State tenement house acts often have preserved, like flies in amber, construction and maintenance practices obsolescent 60 years ago. To give an example, I am currently completing a new electrical code for the City of New Haven. The building and electrical inspectors telephone me weekly to see if the work has been finished. They are now unhappily enforcing, in a municipality which has had more redevelopment per capita than any other an electrical code which deals largely with the erection and maintenance of catenary wires to supply electrical power for trolleys.

Fourth, housing code enforcement has long been the poor sister of more glamorous housing programs -

SENATOR O'CONNOR: Mr. Carter, excuse me. You have about another two minutes. We have three more speakers whom we will try to limit to ten minutes.

MR. CARTER: Very well, I'll try to summarize this.

Essentially my feeling is that in providing a comprehensive statewide system of code enforcement with the regulations promulgated by the Commissioner, you meet most of the problems in the field. It is a revolutionary set of ideas you have before you and I think a very good one. There is only one modification I would suggest and that is that you seriously consider the possibility of a state general fund appropriation rather than providing that municipalities should be responsible for the funding of this bill. Many municipalities lack even the money necessary to trigger aid under the housing act of 1949 for code enforcement activities and sporadic code enforcement or code enforcement on a complaint basis very often turns out to be no enforcement at all.

I realize that funds are limited but I think this is certainly a very pressing need. The fact that one or the other uses to which you could put these limited funds is an increase in the salaries of assistant professors of law may suggest to you that the suggestion I make is a politically daring one.

In conclusion, let me just suggest that you also mandate the Commissioner to conduct a continuing assessment of the state of the housing market in New Jersey as he enforces these codes.

We must not erect a comprehensive and vigorous code enforcement program at the expense of driving some units of rental off the market because the landlord finds that the cost of raising the building to compliance is prohibitive.

We should use the bills in this package, I think, to actively insure that we will not be saying to the poor, "You cannot afford the rent necessary for a decent, safe, sanitary housing. Therefore, you cannot have any housing at all." Code enforcement must be carried out with an eye to the housing market as well. I strongly endorse the bill. Thank you.

SENATOR O'CONNOR: Thank you very much, Mr. Carter.

Any questions, gentlemen? [No response.]

Mr. Charles Nathanson, Director of the Department of Planning and Development, City of Trenton. Mr. Nathanson is representing Mayor Armenti.

C H A R L E S C. N A T H A N S O N: Mr. Chairman and members of the Committee: My name is Charles Nathanson. I am the Director of Planning and Development for the City of Trenton. I am here representing Mayor Carmen J. Armenti. Mayor Armenti had planned to be here in person, but was called away, and asked that I appear for him and present his statement.

I am appearing here today in behalf of the City of Trenton and to express my deep interest in the passage of legislation that would be so very helpful to the efforts of my city in its redevelopment activities. Trenton is indeed representative of

the very old cities which are in need of wholesale renewal and are confronted by the traditional problems of inadequate taxes, spreading blight and urban deterioration, and other mounting social problems. We believe that the cities are the life-blood of our nation. We must find a way to enable our cities to survive as a first order of business. But, we must also go further by creating in our cities the kind of living environment that will make them a truly desirable place to work and dwell.

In order to do so, we must effectively meet the challenge brought upon by increased congestion, the competition of the open areas, the continual aging of the urban plant and facilities and the somewhat changing function of the central city. If we are absolutely committed to the rebirth of our urban areas, then we must realistically face the problems that confront us, and the ability of our cities to overcome the problems with imaginative and workable solutions. In short, the city needs help.

The creation of the new Department of Community Affairs on a State level has been an important step forward. It means that our cities now will have a real voice in the creation of Statewide policy affecting the development of our cities. It means as well that our cities will also have a place to turn for assistance and technical direction. This new department of State government by providing urban service in a

centralized and related fashion, will perform an invaluable service to the residents of our urban areas.

I should also like to note how delighted we were with the appointment of Dr. Paul Ylvisaker as Commissioner of the new Department of Community Affairs. Commissioner Ylvisaker's reputation as an authority in the field of urban development is well known and we are confident that the mission of the new department will be accomplished in a spirited and effective fashion under the able direction of Commissioner Ylvisaker.

The point of fact is that the cities must have at their disposal all of the necessary tools to achieve the desired objectives. The job cannot be done alone by the cities. The truth is that the efforts of city government in the area of urban development could not succeed at all if it were not for the massive efforts of the federal government in the fields of housing and urban renewal. But the time has come for these efforts to be supplemented on a state level by financial as well as technical assistance. We cannot, under the present set of circumstances and law, provide enough housing to meet the needs and demands of our citizens. Unless effective remedies are provided, the cities will only be able to go half way in their solutions.

The time to act is at hand. Fortunately, the proposed legislation can go a long way in meeting many of the problems and in providing the housing stock required to meet the ever-

increasing demands for middle income housing in our cities. The very basic problem has been the middle income family, whom to a real extent has been left to drift without hope, in the absence of adequate resources to cope with its housing dilemma.

The private building sector has done an excellent job in providing housing, but it is now evident that certain supplemental efforts are required which, dovetailing with the normal building construction, can generate the kind of housing volume that is necessary to meet the now unmet housing needs of our people. We must do a better job in matching housing need with housing supply. The job is certainly cut out for the private construction industry, but we must do everything possible to guarantee that we in local government can provide for the needs of all of our citizens by maximizing the amount of available housing stock.

In this regard, we in Trenton are committed to a program of middle income housing development through the use of non-profit corporations. We feel in this way that we can best bring down rental levels while increasing the amount of citizen and community involvement in the housing process. To this end, we have devoted almost an entire urban renewal project to middle income housing to be sponsored by non-profit corporations. We recognize, however, that at present the tools are not adequately available to allow us to complete the job in a

reasonable period of time. We must, therefore, look to the State to help us in the financing of middle income housing construction. The role of the State is clear cut, and its obligations to provide the necessary assistance are obvious. This holds true, of course, not only in the financing of new construction but in the rehabilitation of our older buildings.

We, therefore, believe sincerely in the aims and goals of A 770, and I therefore urge its passage.

In like vein, I also would like to call attention to the need for State financial assistance to communities undertaking urban renewal. The passage of A 768 is, therefore, of paramount importance to us. The fact is with respect to urban renewal in our State that our communities cannot take the fullest advantage of all federal assistance because of a decided shortage of funds to match federal grants under existing urban renewal formulae. State help in offsetting some of the costs of urban renewal is essential if we are to carry out an effective rebuilding and redevelopment program in our city. Although the costs of city government in this day are monumental, and while tax take does not keep pace with the need for required services, the job of urban development should not be forfeited if our central cities are to survive or if there is to ever be any hope in the future of rescuing our cities.

Similarly, I urge the passage of A 804 which will permit the cities to demonstrate techniques in redevelopment and

rehabilitation. By the same token, while we are so deeply concerned with the need to at long last come to grips with the problems of redevelopment, we must be cognizant of the hardships that are imposed in the process and must insure that the displacement of families and businesses create minimum hardships.

A 767 is an extremely appropriate piece of legislation and its passage is of very great importance. Similarly, the Hotel and Multiple Dwelling Bill, and the bill permitting the interchange of public employees are all related to the need for a comprehensive approach to community development. With respect to the interchanging of public employees, I must say that the need has never been greater for trained urban specialists capable of handling the complex problems of development and renewal.

Taken as a package, the six bills represent a vital step forward and the passage of this legislation would assure for the first time a total response to the needs of our citizens and an effective answer.

As the Mayor of the City of Trenton, I cannot over emphasize the value of these bills to us and the importance that these laws could assume to our efforts to revitalize and redevelop our city.

I would like to thank you for allowing me to speak before you on these vital matters.

SENATOR O'CONNOR: Thank you. Any questions, gentlemen?

ASSEMBLYMAN WOODSON: Mr. Nathanson, as an experienced Director of Planning and Development, not only in the City of Trenton, but, I believe, formerly of Jersey City, would you say that it is substantially incorrect, the statements that we have heard with regard to the adequacy of moderate and middle income housing available to families of moderate and middle income means?

MR. NATHANSON: Absolutely so. I believe the time has come to really stop deceiving ourselves and the time has come to generate the kind of housing the bulk of our people require and that, of course, is the aim of this particular piece of legislation and why it is so necessary for us to carry out our work successfully.

ASSEMBLYMAN WOODSON: Thank you.

SENATOR O'CONNOR: Thank you, Mr. Nathanson.

Mr. Joseph Ford from the Paterson Task Force.

J O S E P H F O R D: Mr. Chairman and members of the Committee: I am Joseph Ford. I am a Program Analyst in Neighborhood Action with the Paterson Task Force, which is the anti-poverty agency in Paterson. When I came here this morning, I didn't expect to speak. I thought I would see representatives of our new city administration. So this is somewhat spontaneous. I don't have a prepared statement. I

want to speak off the cuff, so to speak. I brought four friends and colleagues from the Paterson Task Force down with me. They are in the balcony here. We are all in support of this package legislation.

I think to start with that we tend to see housing as an isolated problem. The Census of 1960 with regard to Paterson pointed out that eight neighborhoods in the downtown, the heart of the intercity, had over 25 per cent deteriorating and dilapidated units. But we can't let it go with that. We have to go on and see the related problems.

It is also important to note that the neighborhood area with the largest number of deficient housing units, according to the '60 Census, Wrigley Park - if any of you gentlemen have been to Paterson, you will know this - had far and away the greatest number of residential fires in 1964 - 109 fires plus 78 false alarms. The incidence of violent crimes, armed robbery, purse snatching, mugging, rape, assault and battery - the heaviest concentrations were in neighborhoods with relatively poor housing conditions. Major juvenile delinquency - in 1964 of a total of 391 cases, four of these eight downtown neighborhoods had significant contributions.

The Planning Board from whose report I am reading, Report No. 7, entitled "Neighborhood Analysis," by the Paterson Planning Board, continued and said that "poor families have to pay high rents, even where part of the rent is paid by welfare

funds. Due to a shortage of available housing"- and I think this speaks to the question that Assemblyman Woodson raised just a minute ago -"which in turn makes the substandard housing profitable to its owners and tends to perpetuate it."

It is a vicious cycle. The Planning Board went on to say:

"There is a strong apparent incentive for property owners in areas where the population is changing to reduce maintenance standards since higher rents can be obtained from Negro and Porto Rican families, regardless of the condition of the housing."

A lot of the people that I have talked to, church groups, civic groups, business groups, think, "Well, there must be some correlation between the rent that poor people pay and the condition of the housing." This isn't necessarily so. In most cases, it is not so, that the worse the housing is, the cheaper the rental is. In many cases, it is the exact opposite, with people paying \$125, \$130, \$140 a month for cold water flats, rat infested, holes in the plaster, and all of the other things that you are familiar with.

So I want to reiterate that slums exist because of the profit therein. If you take the profit out of slums, then the market itself disappears. In order to do this, you are going to have to have new housing and plenty of it.

We have to add here that 100 per cent code enforcement will only put people out on the streets. We found this time and again. Where we have managed by hook or crook to get the

Mayor, the former Mayor, and the present administration - and often it has been a cooperative kind of venture - to pressure the slum lords to improve their property, they do it reluctantly and oftentimes they take it out on the tenants. The tenants are forced out on the street and then we have no place to put them. And most of these people go to other communities and so other communities in New Jersey are burdened with the same problem that we have. You have a group of people moving from one community to another.

I think it was George Sternleaf in his book, "The Tenement House Landlord," who said, if you had 100 per cent code enforcement in the city and didn't have adequate housing, you would have loads of people out on the street unable to procure the necessary housing.

Just recently in Paterson a group of pastors and lay people started a housing organization, a non-profit group called "United." I served as a member of the Advisory Committee. I can speak from first-hand experience. They had great difficulty getting money, seed money, the kind of money that would be available if this legislation is passed. If you don't happen onto a millionaire, you are out of luck. They managed to get some support, but just by a stroke of luck. This organization, "United," wants to rehabilitate 120 or more buildings and they have gotten one of the landlords in the city to agree to sell at a reduced price 120 of his parcels.

It is the first of its kind in the City of Paterson and perhaps in the whole of Passaic County. I am not sure.

Interest-free loans, to be used for neighborhood rehabilitation would provide a tremendous assist to the United Corporation, a non-profit housing corporation, and boost the morale of the entire neighborhood.

I think as of last week there were only about \$500 in contributions to come in from individual contributors. Now this is just a drop in the bucket to what we need. \$3500 has been loaned to us by one of the neighborhood banks. We are out to get more. But, my, what an assist we would have if this legislation were in force right now.

May I say in the same connection, the bill that would revise the state's multiple dwelling or tenement house law is an absolute necessity. I want to put a special plug here. It is like a horse without a carriage. You have to have both. It is not a matter of having one or the other because all of the experimenting in the world being done by companies like the U. S. Gypsum in the creation, the manufacture and production of cheap, inexpensive building materials, is of no avail whatsoever if the building code is not revised because you are going to have these same rigid, extremely restrictive, laws. This may in one sense be an answer to the gentleman here this morning who, I think, failed to see the market for private enterprise and U. S. Gypsum is not the only company that is

doing this experimenting. I think here is an area where we can cooperate with them.

Let me in conclusion then urge the passage of this entire package. I am happy to have the opportunity to speak here this afternoon and thank you very much.

SENATOR O'CONNOR: Thank you very much, Mr. Ford.

Any questions?

ASSEMBLYMAN GRECCO: One, yes. Earlier in your talk you indicated that there was in a particular section of your community crime, muggings, rape, etc. Did you imply then that the providing of middle income housing would eliminate this type of activity among the citizens in that area?

MR. FORD: I think it would be a substantial contributing element. I heard a resounding yes from one of my colleagues up in the balcony.

ASSEMBLYMAN GRECCO: Can you lend any authoritative information to support that position?

MR. FORD: The authoritative information comes from the mouths of the poor with whom I have direct dealings as a Program Analyst. When a family, a mother and a father, both of whom have been working, perhaps one on the day shift and one on the night shift, come home at the end of the day and they must contend with rats, with filth and with all of the other conditions that I mentioned, there is really very little incentive to better themselves. What was the specific thing

that you mentioned? You mentioned mugging and ---

ASSEMBLYMAN GRECCO: You did. You mentioned rape, mugging --

MR. FORD: Yes. I think bad housing - I don't think; I know - contributes to an attitude, a frame of mind, a mentality, call it what you will, that might otherwise -- well, who is content to sit home at night under conditions like this, especially in the heat of the summer? You want to go out and roam the streets. I think it is hard to communicate this.

ASSEMBLYMAN GRECCO: We appreciate the psychological implications. I am just wondering whether or not you had some --

MR. FORD: No facts and figures.

ASSEMBLYMAN GRECCO: [Continuing] -- facts that would support your position because I am sure all of us are vitally interested in how we can ameliorate this particular situation in particular urban areas.

MR. FORD: Well, I know right now that the Federation of Neighborhood Councils is negotiating with our Public Housing Authority for vitally necessary social services. We would love to see social workers, workers who would teach home economy, home management, health, sanitation, to the people in the projects. The manager of the Authority claims there just isn't enough money, even though we understand that one of the Authorities -

the regional office of HEW - the Federal government would love to see this and claims that she also has no money. I think if we did have more money for personnel, for staff services, of this nature, not only in public housing authority projects, but just to go out through the neighborhood to work out of our Neighborhood Council sites, this would prevent a lot of this.

SENATOR O'CONNOR: Thank you very much, Mr. Ford.

Anyone else wishing to be heard?

Assemblyman Woodson would like to make a statement.

ASSEMBLYMAN WOODSON: First of all, I would like to thank the members of the Committee who were present for the day and I would like the record to show that Mr. Grecco and Mr. Henderson and Senator O'Connor are here at the close of the meeting in addition to my presence.

If there are persons present who are interested in knowing whether or not the Committee would consider any meaningful amendments to the package that has been presented, I want to state on behalf of the Assembly version of the Committee that we would be willing to at least entertain any helpful suggestions for amendments that may improve the package as it has been presented.

I want to thank everyone who took the time to come down today and who waited so long to testify.

SENATOR O'CONNOR: On behalf of the Senate Committee of

the State, County and Municipal Government, we will make a very thorough study of the transcript of the testimony as it was presented today. I am sure that there are areas in which revisions will be made. I am sure that the men who have sat on the Committee today, themselves, believe there are areas in which revision may be made.

However, I must say that I think this is a great step forward in the State of New Jersey to start to help the cities and to have the cities help themselves. Thank you.

END

REMARKS OF COMMISSIONER PAUL YLVISAKER BEFORE JOINT
LEGISLATIVE COMMITTEE CONSIDERING COMMUNITY AFFAIRS
LEGISLATION THURSDAY, MARCH 30, 10 A.M.

Mr. Chairman and members of the Committee:

I am grateful for this opportunity to appear before you to discuss the six major proposals which constitute the legislative program of the Department of Community Affairs in its initial year. I am happy that you have chosen to consider these proposals as a whole because in our minds an interrelationship exists between each proposal, and taken together they present a major tool for the State in helping to rebuild our urban areas and to meet the housing needs of all our citizens.

I would like to discuss this morning briefly each piece of proposed legislation and then be available to you throughout the day for questions which may arise. As Governor Hughes has said, "These proposals are not, as I am sure you will realize, exhaustive panaceas for the problems of the people of this State or the problems of State and local government. Nevertheless, these proposals if enacted will constitute a gigantic step forward towards the solution of those problems." Let me emphasize at the outset that the underlying motive in all of this legislation is to harness creatively the energies and skills of the private and public sector in a joint effort to rebuild our communities and meet our housing needs. It is apparent today throughout the country that any successful attack on slums and substandard living conditions must fully involve private enterprise. I am confident that these pieces of legislation will help us stimulate the private sector to serve a public purpose.

The New Jersey Housing Finance Agency Act of 1967

We propose to create a New Jersey Housing Finance Agency in the Department of Community Affairs with the Commissioner of Community Affairs as Chairman, the State Treasurer and the Attorney General as public members, and two private members appointed by the Governor. The Agency would issue revenue bonds to raise money for low-interest mortgage loans to private and non-profit corporations and associations interested in building middle income housing and in the rehabilitation of housing. The proposed revenue bonds would not pledge the credit of the State but would be secured by mortgage loans on the housing and property involved and would be repaid out of revenues of the Agency. No State appropriations are involved beyond a minimal \$50,000 to initially create the Agency. The Agency would make loans only on applications and on the passage of a municipal resolution finding that there is a need for middle income housing in a community. The Agency would in addition make its own determinations of need on a statewide basis. In considering any application for a loan, the Agency would give first priority for construction or rehabilitation in urban renewal areas, but it is not limited to loans in urban renewal areas because of our strong desire to give priority to rehabilitation programs.

While we do not underestimate the need for new construction in many areas, I can say categorically that we consider rehabilitation of existing housing stock to be our area of prime concern. I am convinced that by approaching

rehabilitation on more than a piecemeal basis and by stimulating the private sector in this direction, we can make it profitable and provide decent housing at more reasonable cost and greater diversity to our communities. I am sure that the members of this Committee recognize the importance of viewing an area as a whole. Placing a high-rise dwelling in a blighted area without due consideration for the condition of neighboring housing units and other important factors, such as transportation, employment and educational opportunities, will not bring us any closer to the solution of our community ills. What is needed is an integrated approach utilizing new construction and rehabilitation so that they complement each other and so that both are based on the hard facts and economics of a given situation. This, I pledge, is the kind of program which we want this new housing agency to develop.

I do not wish to create the impression in this Committee that this is a startlingly new proposal. A successful middle income housing program has been run in New York for a number of years and Governor Rockefeller has won approval from his Legislature in this current session to expand it considerably. Governor Romney in Michigan has undertaken a similar program, as has Governor Volpe in Massachusetts. This is not a public program in the sense that the State will do construction or operate rental units, and this is not an expenditure program. It is an investment program which does not tax the budget of the State and which hopes to

entice private builders into areas for which they are not now building.

I do not wish to dwell on statistics in this statement but I will make available to the Committee for the record a considerable amount of data evidencing this need. Let me summarize it by saying that there is in New Jersey today from the best statistics we have available, a need for at least 100,000 low and middle income rental units of the type that could be built by this program. We will not come anywhere close to meeting needs of this magnitude in the first years of this program nor will we rush to build or rehabilitate units for the sake of statistics. Rather, our desire is to make major breakthroughs in rehabilitation and construction, and our aim will be to make a significant demonstration to members of the Legislature and to the State at large of what this creative teamwork between public and private sectors can accomplish.

I would like to mention briefly some of the questions which I know come up in connection with consideration of a bill of this kind. Obviously, the first is, how do we define a middle income family? This proposed legislation uses a formula which states that total family income shall not be more than six times the monthly rental in one of the housing units except for large families, in which case the family income can be seven times the rental. To illustrate: Using a base figure of \$29 a room, which we estimate will be the cost per room of garden-type apartments, a four-room apartment would cost \$116 a month, and on an annual basis, \$1392. By our formula, a family of four with an income

of \$8352 or under would be eligible for such an apartment. Rehabilitated housing should prove to be considerably cheaper and high-rise housing will be slightly more. A data table which has been prepared for us will be submitted for the record. Our aim primarily is to reach people in this \$6000 to \$9000 a year salary range who will make up the bulk of the clientele, but the formula would permit some people with incomes in excess of \$12,000 a year to enter these units although these will represent an insignificant percentage of the total number of tenants. Opponents of the legislation can be expected to make much of this high income level, but a flexible formula as is proposed here to define middle income is essential if we are to achieve our purpose. Building costs and other economic indicators do not stand still. They have caused many well-conceived Federal programs to fall by the wayside because arbitrary limits have been outstripped by our surging economy. While it is imperative that we have this flexibility, there are other ways in which we can insure that this program will not create competition for the present markets served by the building industry. We can and are willing now to make an absolute commitment that by administrative regulation we provide that no family will be eligible for occupancy in a unit under this program where there is an equal available accommodation at the same or lesser cost in the vicinity. This, we think, is the appropriate way to deal with the specter of unfair competition which we intend to avoid at all costs.

It might be well for the Legislature to consider through this Committee a statement of intent that this legislation is not intended to compete with private enterprise. We would be happy to accept and work with such an intent.

There are two other built-in safeguards against abuse in this legislation. One is the requirement that the municipal governing body must certify by resolution the need for new construction or rehabilitation and that a mortgage commitment may be made only on a finding of need.

Finally, there is one major safeguard built into this legislation and that is the working of the bond market itself. As I have said, State appropriations are not here committed nor is the credit of the State pledged behind these bonds. They must rise or fall in the financial market on their own merits. The major leeway which is provided in this undertaking is our belief that these bonds will market for two per cent under the going mortgage rate and that that two per cent will make possible construction and rehabilitation in areas where it is not possible, given the state of today's finances. Our ability to sell these bonds at such an interest rate and our ability to continue any operations will depend on the scrutiny of the financial community of the worth of these bonds, and you can be sure that that scrutiny will be a close one.

I have tried to touch on only some of the major issues of this legislation. I should make at least the general comment that this impetus to the home building and rehabilitation industry comes at a time when it will be of significant importance

to the health of the New Jersey and the national economy, when it will create not only needed homes but needed jobs and needed capital for a construction industry which has been somewhat dormant in recent months. The National Government in its policies recognizes this. This is the cornerstone of our program and I will be happy to answer any questions that may be raised on it.

The Demonstration Grant Law of 1967

The housing development and demonstration grant proposal would create within our Department a revolving and demonstration fund with which to encourage private enterprise and non-profit groups to join in the redevelopment of our communities. It is frankly experimental in nature but it mirrors the thinking that is going on in many areas of our nation today. Senators Javits and Kennedy have joined forces to create such an urban development corporation for the Bedford-Stuyvesant area of New York. Senator Percy has made a similar proposal for construction by the National Government. Private enterprises in cooperation with public agencies have embarked on similar courses in Pittsburgh and Detroit. Basically, we hope to stimulate with a similar input of public funds the organization of urban development corporations in crucial areas of our State. We would expect private capital to come in at three or four times the rate of the State investment and that the total capital so raised would meet the down-payment requirements under FHA and other Federal and State programs. Thus, an investment of \$2 million by concerned private enterprise in a community might trigger

\$20 million in mortgage funds for construction or rehabilitation. The interest of private enterprise in the problems of city renewal and rehabilitation and code enforcement might trigger breakthroughs in economies of scale which would put much of city rebuilding on an economically viable basis. New Jersey, a late starter in the field of housing and urban development, should capitalize on the experience of others and move with the greatest vigor in this new area of public-private combination. The bill would also allow for appropriated funds to be used on a revolving basis to make non-interest bearing loans to non-profit and limited profit housing associations interested in building and rehabilitating housing for low and middle income families.

A great deal of expense goes into the preparation of an application for mortgage funds under a Federal program or the proposed State program. A church group, for example, in order to qualify must have considerable work done by an architect and an attorney, have detailed information on land acquisition, need and all of the technical data which make for a successful application. The application process alone for a project which is going to make a substantial contribution to the community may cost \$40,000. This kind of investment prior to application with no guarantee of approval is enough to discourage many well-motivated non-profit groups from thinking about such projects. We would propose to lend these funds in advance of commitment to such sponsors with the proviso that upon formal commitment of mortgage funds by State or Federal agencies, this advance would

become part of the mortgage and be repayable to the State. If for some good faith reason the project is never brought to completion, the loan would be written off as a grant. With this flexibility, we think we can encourage significant contributions on the part of non-profit groups and business enterprise so that the housing we build and the rehabilitation we undertake will be aesthetic contributions to our communities.

I would be happy to illustrate some of the undertakings that would be made possible by these grant funds. For example, a group of businesses in Newark could form a limited profit corporation with advances from the State. They might buy up 30 houses for rehabilitation purposes, receive a mortgage commitment from the State, and invest, let's say, \$20,000 each in rehabilitation of these homes. Upon completion of the rehabilitation, these companies might desire to get out of the actual process of being landlords for the projects and they might spin them off to a non-profit church group, in the meanwhile providing technical assistance to the church group in the maintenance and administrative areas of housing management. The business group then would have made a major contribution to housing in Newark, at the same time making a limited profit but obviously less than what they could make on the open market but one which would be compensated in other ways by a contribution to the communities of which they are a vital part.

STATE AID FOR URBAN RENEWAL

This bill is intended to help municipalities undertake the extensive urban renewal projects so vitally needed to rejuvenate the cities of New Jersey.

New Jersey municipalities which want to undertake urban renewal projects are required by federal law to provide up to 1/3 of the total project cost of any urban renewal project. This local share requirement is often a heavy burden to the small municipalities of this state, and may even be an equally heavy burden upon the larger municipalities with aggressive and far reaching urban renewal plans. This bill recognizes the State's role in helping redevelop its communities and puts us on a par with our neighbors and a good many other states which have been giving such assistance for years. The bill requires the Commissioner of Community Affairs to make grants from available funds according to priorities established in accord with 3 statutory standards:

- (1) The need of the applicant municipality for State Urban Renewal Assistance;
- (2) The extent of blight in the applicant municipality;
- (3) The benefits to the area or region which will result.

Grants under the bill are limited to 1/2 of the applicant municipality's local share, except where the urban renewal project will be used by a state or local public institution, in which cases the grant may equal the municipality's local share requirement. Grants under the bill are to be made by the State Treasurer from a special account known as the State Urban Renewal Assistance Fund.

Assembly Bill No. 768 also has provisions designed to protect the public interest by minimizing changes in the reuse of an urban renewal project assisted with a grant under the bill, and by attempting to prevent conflicts of interest by employees of the department with regard to the acquisition of land with a grant made under the bill.

This bill, if enacted, should give the municipalities of this state the impetus they need to make the most use of federal monies available for the planning and execution of urban renewal projects. To the extent that this bill will enable the municipalities to make the maximum use of available federal monies, those municipalities are one step further along the road towards becoming the new cities, townships, and boroughs we would all like to see them become.

RELOCATION ASSISTANCE LAW

The proposed Relocation Assistance Law is an integral part of our housing program. It is obvious that as the pressure grows to redevelop our cities, the number of individuals, families and businesses displaced will continue to grow. It is only fair that we make provision to protect these people who are temporarily displaced.

This bill attempts for the first time to provide uniform protection for people and businesses dislocated by the redevelopment activities of State and local governing bodies. The legislation would require every governmental agency which displaces people or businesses from their property to formulate and implement a workable relocation assistance program which would include at a minimum pinpointing responsibility for such relocation and providing to the people affected adequate information on their rights. The bill would further require the governmental body displacing people to make relocation assistance payments on a schedule equal to the level of present Federal payments, i.e., \$200 to an individual or family, \$3000 to a business or non-profit organization, and \$4000 to the operator of a farm.

This bill is far from a final solution to the growing problem of relocation. The major responsibility is, of course, to provide adequate alternatives, and we hope that other pieces of our proposed legislation, coupled with Federal programs, will help to meet this need.

We do not feel that the communities should have to bear the entire cost of this relocation, and when we have had time to formulate standards and to measure the dimensions of the problems, we will propose that State aid for relocation funds be placed in the budget in the next fiscal year. Our feeling is that in many instances relocation costs can be added to project costs and amortized over long periods of time under mortgages or bond issues.

GOVERNMENTAL EMPLOYEES INTERCHANGE ACT

Although there has been much discussion in recent years of the developing concept of creative federalism, much remains to be done to make that concept a working reality - one major step in the easy interchange of employees between levels of government. In essence, this bill simply authorizes governmental units of this State or any of its political subdivisions to send any of their employees to comparable governmental units of this State or of another state or of the federal government, and to receive an employee from another governmental unit of this State or from another state or from the federal government. The bill provides that New Jersey participating employees shall always be considered employees of this State or its subdivisions notwithstanding the fact that they may be working outside of the State. In addition, this bill provides that a participating employee of this State retains all the rights that accrue to him under the Laws of this State. Thus, Assembly Bill No. 763 completely protects the rights of participating employees of a New Jersey governmental unit as to salary, Workmen's Compensation benefits, Civil Service status, reemployment, promotion and tenure.

No employee may be assigned under this bill unless he freely chooses to be assigned. Moreover, the bill, as before you for your consideration, provides that no employee of one governmental unit may be assigned to another governmental unit for more than 12 months. The bill directs the Civil Service Commission to promulgate rules and regulations for carrying out the provisions of the bill, and directs the Civil Service Commission to assist New Jersey governmental units to participate in

government employee interchange programs under the bill.

This bill, if enacted, provides governmental employees of this State an opportunity, not presently available, to broaden their exposure to the problems of making government work in other states and in the United States. In addition, this bill, if enacted, would enable governmental units of this State to avail themselves of the expertise of governmental employees of other states or of the United States.

REVISION OF THE 1904 TENEMENT HOUSE LAW

The proposed Hotel and Multiple Dwelling Health and Safety Act, if enacted, would greatly strengthen our ability to provide safe, adequate housing for those who live in family units^{/multi-}. This bill has been drawn in an attempt to remedy several defects of the present Tenement House Law, which has remained virtually unchanged since its enactment in 1904.

Let me highlight briefly the major provisions of the bill. It authorizes the Commissioner of the Department of Community Affairs to issue rules and regulations setting construction and maintenance standards for hotels and multiple dwellings. Under present law, any change in construction or maintenance techniques no matter how small must take the form of proposed legislation to be enacted by both the Senate and the General Assembly and signed by the Governor. Assembly Bill 757 would eliminate the rigidity of the present law by vesting in the Commissioner the flexible power

of regulation. Nevertheless, interested parties are accorded due process of law through their rights to a hearing before the Commissioner and through their rights to have actions of the Commissioner reviewed by the courts.

Assembly Bill 757 changes the present Board of Housing Inspection with substantive powers to an advisory board known as the Hotel and Multiple Dwelling Health and Safety Board which would be asked to lend its good counsel and advice to the Commissioner as he considers the content of rules and regulations to be issued under the bill. This shift in the nature of the Board's functions is in keeping with the present trend to make State Government utilize citizen -- member Boards as advisors representative of the public interest, rather than as substantive enforcers of the law.

This bill authorizes the Commissioner to require the owners of hotels and multiple dwellings to register with the Commissioner. This simple device of registration will greatly assist the efforts of the Bureau of Housing with respect to enforcement of the provisions of rules and regulations issued under this bill. In addition, Assembly Bill 757 pinpoints one party -- the owner -- as having the responsibility of complying with rules and regulations issued by the Commissioner. By clearly focusing responsibility, and by identifying the party upon whom that responsibility rests, this bill should greatly ease the problems of enforcing the provisions of rules and regulations issued under it.

Many municipalities of this State have attempted to outflank the rigidity and defects of the present Tenement House Law by adopting their own building and maintenance codes for multiple dwellings. These well-intended municipalities have unwittingly increased the burden on builders and contractors who must comply with standards which vary from municipality to municipality. In addition, these municipal codes often fail to dovetail as closely as they might with the present Tenement House Law. Assembly Bill 757 attempts to cut into this hodgepodge of building and maintenance standards. Hopefully the consistent use of a set of building and maintenance standards which will be uniform throughout New Jersey will ease the burdens of builders and contractors, and will solve some of the problems often raised by financial institutions and casualty insurance carriers.

Finally, Assembly Bill 757 as presently drawn greatly strengthens the enforcement machinery which is now available. Whereas the penalties under present law are in no sense a deterrent to major violators of our safety code, the bill we propose would increase the penalties so that they would become a significant factor in the mind of a violator. It would provide even stiffer penalties for repeated violations of the law and swifter and surer means of enforcement. Equally as important, the present bill authorizes the Commissioner to give direction and guidance to municipal officials, who, we trust, will assume an even greater role in the enforcement of these regulations.

While I have no delusion that this bill will solve all of New Jersey's problems in this area, I do believe that its enactment will constitute the first major step toward the solution to those problems in 63 years.

These, then, are our proposals. As I have indicated, they are a beginning, but we feel they will enable us to demonstrate their merit to the citizens of New Jersey in a relatively short period of time and that they will show that State government intends to keep faith with its communities.



THE CITY OF WILDWOOD
WILDWOOD-BY-THE-SEA
NEW JERSEY

RALPH G. JAMES
MAYOR

March 29, 1967

Hon. S. Howard Woodson, Jr., Chairman
County Municipal Government Committee
Trenton, New Jersey

Dear Sir:

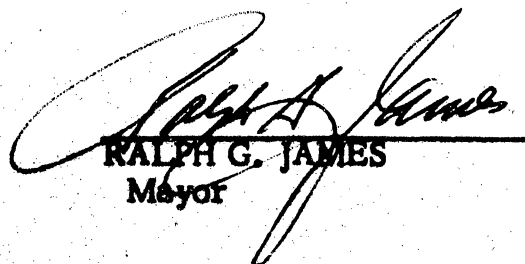
The City of Wildwood urges the adoption by the Legislature of the State of New Jersey of Assembly Bills 768 and 770, which would be most beneficial to all municipalities of the State.

Under Assembly Bill 768, a qualified municipality could secure State aid for Urban Renewal Projects sorely needed in at least 50% of the cost thereof and as much as 100% of the cost of renewal for portions of such projects to be redeveloped for public uses. In addition protection would be afforded to displaced persons by finding suitable accommodations. This matter of relocation has always been a stumbling block in Urban Redevelopment and with the facilities for possible elimination of this problem Urban Renewal of our cities could go forward with much greater force and effect.

Under Assembly Bill 770, mortgage financing for the construction and rehabilitation projects for housing moderate income families would be provided to qualified housing sponsors, and thereby expedite new housing facilities which are sorely needed for the families whose levels of income are not adequate.

We heartily support such legislation and trust that everything may be done to bring about its approval.

Very truly yours,


RALPH G. JAMES
Mayor

RGJ:dm

115 A

H Philip Minis
74 Wilson Road
Princeton, N J

Statement in Support of
Assembly Bill #770

Assembly Bill #770 goes a long way towards providing for middle income groups housing which is in short supply and which there is little or no likelihood private capital will build. It is a pleasure to support the bill.

However, in its present form the bill fails to state explicitly two important permissions.

1) The bill does not provide for economic mixture - that is, for housing both low and middle income people within any given project. One of the major psychological advantages of the latest federal legislation on housing is that such mixtures are not only permitted but encouraged. From the tenant's point of view, as well as for the economic viability of various projects, this has significant effects: It removes what many people consider the stigma of living in federally assisted housing. It allows tenants whose earnings rise above low income limits to shift into middle income status without threat of eviction, thereby giving them incentive to better their situations.

Assembly, #770 does not prohibit such mixture, nor does it explicitly permit it. In my opinion the bill would be stronger if it specifically encouraged non-profit organizations to co-operate with local Housing Authorities to achieve economic mixes.

2) The bill does not provide enabling legislation for Section 221 (d) (3) of the Federal Housing Act. As matters stand now, a New Jersey non-profit organization operating under an FHA loan can secure local tax abatement only through the Limited Dividends Corporation Act, which requires a declaration of blight. No such declaration is required by federal legislation, and in many instances it is inapplicable or inappropriate.

I therefore respectfully suggest that enabling legislation for 221 (d) (3) either be incorporated into Assembly, #770 or framed as a separate bill.

The Mercer Housing Associates, a corporation duly formed under Title 15 of the Laws of New Jersey, supports Assembly Bill No. 770.

The Mercer Housing Associates was formed to improve housing conditions in Mercer County; and, more particularly, to undertake projects which would rehabilitate housing in lower income areas. There is an enormous shortage of housing at rentals that low and middle income families can afford. A massive construction and rehabilitation program to supply the needs must be undertaken. The number of households that are deprived of sound, uncrowded housing or of housing at rentals reasonable in comparison with income has reached crisis proportion.

Assembly Bill No. 770, which would create the New Jersey Housing Finance Agency, would be a major step in overcoming housing problems that face Mercer County, since no present plans exist which will come close to dealing with the enormous problem.

It is urgent that Assembly Bill No. 770 be passed. Constructing or rehabilitating low-cost housing by non-profit, cooperative, or limited dividend sponsors can be done successfully. For example, in the Washington, D.C., area a total of 300 units were constructed under Section 221 D3 of the Federal Housing Act of 1961. The

Urban League reports that a total of 1,446 such units are presently under construction and 596 units have applications pending. The West 114th Street Corporation in New York City has shown that the scheme as proposed in Assembly Bill No. 770 is feasible and workable.

Assembly Bill No. 770 would enable the Mercer Housing Associates to obtain a revolving fund, said fund being used to acquire land and construct and rehabilitate buildings for occupancy by lower and middle income families.

Leslie Blau Company

REALTORS

MARCH 29, 1967

MR. ERNEST ERBER, AREA DIRECTOR
REGIONAL PLAN ASSOCIATION
605 BROAD STREET
NEWARK, NEW JERSEY 07102

DEAR ERNIE:

I HAVE READ A-770 AND YOUR PROPOSED STATEMENT FOR THE PUBLIC HEARING TOMORROW. I FULLY SUBSCRIBE TO YOUR STATEMENT, AS I DID TO THE ORIGINAL POLICY WHEN DEVELOPED A FEW YEARS AGO BY YOUR SUBCOMMITTEE ON WHICH I SERVED, WITH MIL VIESER AS CHAIRMAN.

IN THE COURSE OF OVER 4 DECADES AS A REALTOR, DEVELOPER AND INVESTOR WITH EXPERIENCE IN MOST OF THE CITIES OF OUR STATE, I HAVE HAD MANY OPPORTUNITIES TO OBSERVE AND REFLECT UPON THE HOUSING MARKET IN NEW JERSEY. NEVER IN MY LIFETIME HAVE I BEEN AS CONCERNED WITH THE FUTURE OF OUR OLDER CITIES AS I AM NOW. YOUR TESTIMONY ONLY BEGINS TO CONVEY A SENSE OF THE TRULY DESPERATE PLIGHT OF OUR CITIES. MOST OF THEM HAVE MADE MAGNIFICENT EFFORTS TO RENEW THEMSELVES, IN THE FACE OF GREAT ODDS. THEY CAN NO LONGER DO IT WITHOUT HELP. THE DAY WHEN THE CITY COULD PAY ITS OWN WAY, AND ALSO PROVIDE A LUSH TAX SOURCE FOR COUNTY AND STATE GOVERNMENT IS LONG SINCE PAST, BUT OUR TAX STRUCTURE DOES NOT REFLECT THIS CHANGED RELATIONSHIP.

THE COSTS OF RENEWING A CITY ARE A SEVERE DRAIN UPON ITS TAX RESOURCES. THE CITY'S SHARE OF FEDERALLY-AIDED URBAN RENEWAL IS ONLY ONE COST, THOUGH A SIZABLE ONE. THE REPLACEMENT AND MODERNIZATION OF FACILITIES THAT ARE UNRELATED TO RENEWAL PROJECTS, SUCH AS NEW SCHOOLS, UNDERGROUND UTILITIES, FIRE AND POLICE STATIONS, PLAYGROUNDS, STREET WIDENINGS, PARKING LOTS, HOSPITALS, WATER RESOURCES, INCINERATORS, LIBRARIES, SWIMMING POOLS, ETC. BURDEN THE CITY WITH HEAVY INDEBTEDNESS AT THE VERY TIME WHEN THE RATABLES ARE BEING REDUCED TEMPORARILY BY CLEARANCE, AND PERMANENTLY BY EXPANDED TAX-FREE USES, ESPECIALLY URBAN EXPRESSWAYS. THE CITY'S CAPITAL IMPROVEMENTS ARE ALMOST ALWAYS ACCOMPANIED BY AN EFFORT TO RAISE THE LEVEL OF PUBLIC SERVICES GENERALLY, AND THIS IS REFLECTED IN AN INCREASED OPERATING BUDGET. THE RESULT OF THESE OUTLAYS IS TO PUSH THE PROPERTY TAX RATE UP TO NEARLY CONFISCATORY PROPORTIONS, DEPRESSING VALUES, DISCOURAGING INDUSTRY, PROMPTING OUTWARD MOVEMENT AND DISCOURAGING INVESTMENT; RESULTS WHICH RUN DIRECTLY COUNTER TO THE PURPOSES OF RENEWAL.

A STATE PROGRAM TO FINANCE CONSTRUCTION OF MODERATE RENTAL HOUSING IS ONE FORM OF ASSISTANCE TO OUR CITIES THAT CAN HELP REVERSE THE TIDE. IN BOTH MY POLITICAL AND BUSINESS PHILOSOPHIES, I BELIEVE IN FREE ENTERPRISE AND MINIMAL GOVERNMENT; CERTAINLY NO LESS SO THAN ANYONE ELSE WHO HAS EARNED HIS LIVLIHOOD IN THE DEVELOPMENT OF REAL PROPERTY. BUT I HAVE ALSO THE GOOD SENSE TO RECOGNIZE AN EMERGENCY WHEN I SEE ONE. I LOOK FORWARD TO THE PRESERVATION OF OUR CITIES AND THE NORMALIZATION OF HOUSING INVESTMENT IN THEM, INCLUDING THE CONSTRUCTION OF MODERATE RENTAL HOUSING WITH PRIVATE FINANCING. BUT UNTIL THEN, I AM PREPARED TO SUPPORT ANY SOUND AND PRACTICAL PROGRAM TO PLACE THE FISCAL RESOURCES OF A PUBLIC AGENCY AT THE DISPOSAL OF PRIVATE SPONSORS WHO WISH TO CONSTRUCT TAXABLE MODERATE-RENTAL PROJECTS IN OUR CITIES.

I SHALL BE GLAD TO HAVE YOU APPEND THIS LETTER TO YOUR STATEMENT AT THE HEARING ON A-770.

SINCERELY YOURS,


LESLIE BLAU
PRESIDENT

LB/spS



FAIR HOUSING COUNCIL OF BERGEN COUNTY

MAR 10 1967

687 LARCH AVENUE, TEANECK, NEW JERSEY 07066 - TELEPHONE 836-5187
107 Main Street, Hackensack, New Jersey - Telephone 489-3552

March 9, 1967

Mr. Arthur Zinkin
New Jersey Office of Economic Opportunity
State House Annex
Trenton, New Jersey

Dear Mr. Zinkin:

We understand that Governor Hughes intends to submit to the Legislature for its consideration a bill providing for the construction of low and middle-income housing. This organization wishes to go on record as expressing our support of this proposal.

In our work, over the past number of years in attempting to assist applicants, predominantly Negroes, to obtain homes and apartments on a non-discriminatory basis, we have been greatly frustrated by the complete lack of low and middle-income housing. At least one-half of the calls for help directed to our council by families attempting an exodus from the slums come from applicants who cannot afford any of the existing decent housing in Bergen County. We believe also that word of our utter inability to help these people gets around and, therefore, there are many other such families who don't even bother to call.

In short, there is a great need in Bergen County for low and middle income housing. Until such housing is in adequate supply in our county, as well as throughout the state, all the fair housing legislation and the administrative machinery to enforce it is useless to that portion of the population that needs it most.

Very truly yours


Donald Horowitz
Chairman of the Legislation Committee

FEB 21 1967

FEB 27 1967

SK1 -

CHOICE

LEARNING HOUSE: OPPORTUNITIES FOR INTEGRATING COMMUNITIES
89 CENTRAL AVENUE • EAST ORANGE, NEW JERSEY • 676-0060

SPONSORS:
URBAN LEAGUE OF ESSEX COUNTY
AMERICAN FRIENDS SERVICE COMMITTEE
(NEW YORK METROPOLITAN REGION)

Mr. Arthurinkin
New Jersey Office of Economic Opportunity,
Trenton, New Jersey

February 25, 1967

Dear Mr. Arinkin;

CHOICE is in contact with, and makes referrals to, over sixty fair housing committees in the nine northern counties of New Jersey. Currently we are servicing approximately sixty home seekers and one hundred and thirty apartment seekers. In the two years that I have been the Director we have aided nearly four hundred minority families to find homes in predominately white areas.

Today, however, nearly one third of our requests for help in locating rental housing come from families who we are unable to help. These families are those who cannot meet the prevailing minimum economic level required by the private housing sector.

The usual requirement for apartment rentals is that one week's salary must equal one month's rent. To our knowledge, decent safe shelter does not exist below \$110.00 - \$115.00 per month for two bedrooms, and there are very few at that price. If a family has four or more children it is virtually impossible. Two-family houses might meet the space requirements for such families but they are scarce in number and the rents are at least double the amounts which these families can afford to pay.

CHOICE has had requests from welfare agencies, CEC sponsored programs, private agencies and civil rights groups for help in finding housing for their clients in the above category which our experience would seem to corroborate.

It is very hard for us to have to respond to a usually desperate and despairing request, "to our knowledge no such housing exists, however, if you do find space and feel you are being discriminated against because you are Negro (or Puerto Rican) please call us back and we shall assign a trained volunteer to check for you."

CHOICE is in business to assure equal opportunity to housing for minority group families. It is my conviction that meaningful integration will not occur until 1) the economic level of these families rises to meet the going market rental rates and 2) new housing is created in white areas for low and middle income minority group families, especially families with multiple children.

122 A Irma Thexton, Director

THREE TWENTY-FIVE COOPERATIVE, INC.

325 CENTRAL PARK WEST
NEW YORK, N. Y. 10025

TEL.: 663-9008, 865-0131

March 24, 1967

DIRECTORS:

LINDA GROVER
PRESIDENT

MATTHEW T. FORBES
VICE PRESIDENT

ROBERT M. LANDE
TREASURER

EDITH ROOD
SECRETARY

CARL FLEMISTER
BARBARA HOOPER
SONDRA THOMAS

Hon. Paul Ylvisaker
Commissioner of Community Affairs
State House
Trenton, New Jersey

Dear Commissioner Ylvisaker,

I understand that the Governor's budget, currently before the State Legislature for approval, contains provision for rehabilitation of existing housing, as well as construction of new low-cost housing. Let me demonstrate, by describing our unique project in Manhattan, how vital, how successful, and how necessary is rehabilitation as a tool in any urban renewal program planned to achieve the objective of providing decent, varied, and adequately sized homes at rents which can be paid by present occupants of the site.

Our 7-storey 20 family elevator building, 65 years old and rather badly run down, was slated for demolition as part of the much-studied pilot West Side Urban Renewal Program. A number of tenants, despite promises of first priority in new middle-income housing on-site, felt strongly that the building offered irreplaceable housing, and could be made safe and attractive. Apartments contained 7 rooms, 1½ baths, high ceilings and thick brick walls offering privacy and quiet. Thus we launched a 4 year campaign to save our homes, culminating in a most successful, and most delicious "7 storey" progressive dinner, to which press and city officials were invited. After reinspection by an outside team of architects, the City agreed that the house would lend itself to renovation, and they offered to sell the property at their cost; that is, the actual condemnation price paid to the former landlord (who had refused to consider repairs). We did not ask for, nor need, a write-down on the land. We turned to the Federal Housing Administration for financing, and received a 30 year mortgage under Section 213 (Cooperative Housing). This enabled us to pay for the building and land (\$230,000) and the rehabilitation (\$130,000) with downpayments of \$200 per room (a very low cash outlay for the tenants). Thus, an owner-investment of \$25,000 secured a \$391,000 mortgage. The carrying charges were also kept within limits which present occupants could afford (\$26.50 per room per month including electricity). (This figure is higher than it would need to be in most cases, for we are on prime real estate land fronting on Central Park and acquisition cost was high). We were fully occupied (and therefore income-producing) throughout construction, which was done in winter, and 25 children, including my own newborn, survived very nicely, with only an expert knowledge


of the building trades to show for it (and a new and beautiful home). An outline of the work done, with costs is attached. Basically, we replaced all mechanical systems in the building - plumbing, wiring, etc., and avoided all cosmetic frills. Our construction cost per room, was \$1107 - about half the average renovation cost in a "gutting" job, which retains merely the shell of a building. We had no displacement of families, with its attendant problems. We have had more than 150 applications (unsolicited) for apartments, many of them from unhappy owners of high-rise co-op apartments under construction in the area. Rising costs are bringing these State-aided projects in far above their original carrying charge estimates.

In my view, there is no way you can duplicate the facilities offered large and growing families by older structures. When razing these sound structures, and rebuilding completely, subsidy by the Government must be enormous, if you hope to stay within the \$18 to \$30 per room class. (We will operate with only partial City tax abatement and exemption for 9 years, based upon improvements made). There is also the case for retaining the character of a neighborhood, an argument which is ever used to hold up progress, but which certainly has some validity. Surely we must save some buildings with a little architectural gingerbread, with solid oak and mahogany woodwork, with fireplaces and formal dining rooms --- especially if these features will halt the mass exodus from cities of exactly those solid, middle-income, civic-minded families who can provide a bridge between the deprived and the wealthy ^{two groups} who are rapidly becoming the only occupants of the "center city" area. Statistics show that families leave the average modern city apartment when their second or third child arrives - residents in a building like ours, with its adaptability and spaciousness, tend to stay 20 or 25 years.

As a former resident of Red Bank, I am interested in your forward-looking programs for saving New Jersey's cities from decay, and hope projects like ours can be implemented in many small bootstrap operations; helping present residents and shopowners in deteriorating neighborhoods, small landlords, and small contractors.

I would be very happy to supply additional financial or technical data on our project, or to appear in person, to answer questions.

Very truly yours,


Linda Grover

Attachments

file
325 COOPERATIVE, INC.
325 CENTRAL PARK WEST
NEW YORK, N.Y. 10025

104 / 464-2001

BREAKDOWN OF COSTS OF MODERNIZATION

<u>ITEM OF WORK</u>	<u>DESCRIPTION</u>	<u>COSTS</u>	<u>TRADE</u>	CONTRACTOR'S FHA REQUIS.
				<u>ITEM NUMBER</u>
Electrical	New Termination cabinet, service	\$13,225.00	Elect. wiring	#28
	switches, bldg. main, socket meters,	1,903.94	" fixtures	#29
	new risers, circuit breaker panels,	1,000.00	Masonry (necessary	# 3
	kitchen appliance outlets, master		to rewire bldg.)	
	bedroom air conditioner outlets,	500.00	Carpentry (necessary	
	conversion of pull chains, addition		to rewire bldg.)	# 8
	of receptacles in rooms inadequately	2,000.00	Plastering	#13
	wired, new fixtures, cutting, re-	200.00	Rubbish removal	#14
	movals and patching, rewiring of	3,000.00	Painting	#17
	basement.	400.00	Cleaning Apts.	#31
		800.00	Demolition	#32a
	<u>TOTAL</u>	<u>\$23,028.94</u>		
Heating	New Federal Boiler FM 850, New York	\$12,050.00	Heating	#27
	Shipley E 100 Oil Burner, new pre-	150.00	Excavation	# 1
	heater, thermometers, sump pump,	1,000.00	Masonry	# 3
	Heattimer, controls, fixed ven-	250.00	Damproofing	# 4
	tilation, fire proofing, exhaust	1,000.00	Concrete floors	# 5
	fans, smoke alarm for air pollution,		& cement work	
	new squence draft control, pump	200.00	Misc. iron &	#12
	sets on burners, FP2 Fireye,		struct steel	
	electrical work, repairing, removal	200.00	Rubbish removal	#14
	and replacement of certain radiators,			
	valves and steam risers as shown on			
	plans, all cutting patching, removals,			
	filling, re-capping chimney.			
	<u>TOTAL</u>	<u>\$14,850.00</u>		

325 COOPERATIVE, INC.
325 CENTRAL PARK WEST
NEW YORK, N.Y. 10025

BREAKDOWN OF COSTS OF MODERNIZATION

<u>ITEM OF WORK</u>	<u>DESCRIPTION</u>	<u>COSTS</u>	<u>TRADE</u>	<u>CONTRACTOR'S FHA REQUIS. ITEM NUMBER</u>
Plumbing Hot Water Supply	New brass mains and risers, new hot and cold brass or copper crotons, 16 new toilets, new bathtubs (where old ones were on legs), 9 new wash basins, 9 new kitchen sinks, removals, installations cutting, patching, plastering.	\$26,309.00 1,500.00 1,000.00 3,000.00 2,100.00 700.00 4,000.00 500.00 <u>8,500.00</u>	Plumbing hot water supply Masonry Concrete Misc. millwork & carpentry Plastering Rubbish removal Painting Cleaning Apts. Demolition	#26 # 3 # 5 # 8 #13 #14 #17 #31 #32a
	<u>TOTAL</u>	<u>\$39,609.00</u>		
Tile & Bath- room Accessories	Ceramic wall tile on entire wet wall 6 ft. around tubs to eliminate unsanitary conditions. To provide ceramic flooring and six inch base in bath-rooms and toilet compartments. To provide medicine cabinets.	\$ 4,000.00 100.00 1,000.00 100.00 300.00 <u>750.00</u>	Tile & bathroom accessories Rubbish removal Painting Cleaning Medicine cabinets Carpentry	#19 #14 #17 #31 #25 # 8
	<u>TOTAL</u>	<u>\$ 6,250.00</u>		
Fire Escapes & Fire Passage	New fire escapes to replace outdated steep angle "double rung" type previously existing.	\$10,000.00 1,205.00 250.00 1,000.00 500.00 <u>300.00</u>	Fire escapes Masonry Damproofing Painting Demolition Misc. iron	#11 # 3 # 4 #17 #32a #12
	<u>TOTAL</u>	<u>\$13,265.00</u>		

127 A

325 COOPERATIVE, INC.
325 CENTRAL PARK WEST
NEW YORK, N.Y. 10025

BREAKDOWN OF COSTS OF MODERNIZATION

<u>ITEM OF WORK</u>	<u>DESCRIPTION</u>	<u>COSTS</u>	<u>TRADE</u>	<u>CONTRACTOR'S FHA REQUIS. ITEM NUMBER</u>
Fire Protection	To provide fireproof self-closing apartment doors; to eliminate wood stud partitions and wood flooring in cellar; cinder-block partitions in cellar; concrete cellar floor to replace wood floor in cellar.	\$ 3,200.00	Metal doors & frames	#10
		500.00	Steel stairs	#12
		1,000.00	Masonry	# 3
		2,000.00	Concrete floors & cement floors	# 5
		1,377.00	Misc. iron & struct steel (angle iron)	#12
		525.00	Rubbish	#14
		1,500.00	Painting	#17
		1,000.00	Finish hardware	#18
		1,200.00	Demolition	#32a
		1,000.00	VAT flooring in connection with replacement of doors	# 7
	<u>TOTAL</u>	<u>\$13,802.00</u>		
Kitchen Modernization	Modernization to bring building up to present day standards.	\$ 2,000.00	Refrigerators	#22
		1,750.00	Kitchen ranges	#23
		600.00	Kitchen cabinet	#24
		1,000.00	Misc. millwork & carpentry	# 8
	<u>TOTAL</u>	<u>\$ 5,350.00</u>		
New Windows	Woodframes, sash, glazing, weather-stripping, caulking, hardware.	\$ 6,200.00	Windows, frames & glazing	# 9
		650.00	Misc. millwork & carpentry	# 8

325 COOPERATIVE, INC.
325 CENTRAL PARK WEST
NEW YORK, N.Y. 10025

BREAKDOWN OF COSTS OF MODERNIZATION

Item of Work

Architect \$9,000.00
Bond 1,100.00

Totals of Item of Work & Cost

Wiring	\$ 23,012.94
Heating	14,850.00
Plumbing	39,609.00
Tile & Bath	6,250.00
Fire Escapes	13,155.00
Fire Protection	12,302.00
Kitchen Moderniz.	5,350.00
New Windows	9,050.00
Bond	1,100.00
<i>Uncategorized</i>	<u>8,185.00</u>

\$125,123.94

Architect 9,000.00

133 9
\$133,989.94

325 COOPERATIVE, INC.
325 CENTRAL PARK WEST
NEW YORK, N.Y.

- Page 5 -

BREAKDOWN OF COSTS OF MODERNIZATION

In addition, the following sums were spent on items not falling into any of the above categories:

Damproofing exterior of building	\$ 250.00
New concrete yard	500.00
Carpentry for lobby	85.00
New roof	2,920.00
Misc. hardware	125.00
New self-locking bldg. entrance doors	860.00
Elevator work	1,025.00
Misc. apt. flooring	2,100.00
*Extras	270.00

Total \$8,185.00

*Also, some of the items in Exhibit X (extras letter) incurred during the course of the work did not seem applicable and are not listed in our totals.

This will certify that the forgoing was prepared with our advice and from our records and is to the best of our knowledge a true and accurate breakdown of costs.


LINDA GROVER, PRESIDENT


GRAPHIC CONSTRUCTION CORP.
By Sidney Silverstein

CLASS OF SERVICE

This is a fast message unless its deferred character is indicated by the proper symbol.

WESTERN UNION TELEGRAM

W. P. MARSHALL
CHAIRMAN OF THE BOARD

R. W. MCFALL
PRESIDENT

SYMBOLS

DL = Day Letter

NL = Night Letter

LT = International
Letter Telegram

The filing time shown in the date line on domestic telegrams is LOCAL TIME at point of origin. Time of receipt is LOCAL TIME at point of destination

1104A EST MAR 30 67 PA121

P NKC053 PD 2 EX NEWARK NJER 30 1045A EST

ASSEMBLYMAN S HOWARD WOODSON JR, CHAIRMAN COUNTY AND MUNICIPAL
GOVERNMENT COMMITTEE, CARE SAMUEL ALITO STATE HOUSE

ROOM 30 TRENTON NJER

VERY MUCH REGRET UNABLE TO ATTEND HEARINGS YOU HAVE FULL SUPPORT
OF NEWARK IN YOUR LEGISLATIVE EFFORTS TO IMPOROVE AND EXPAND
STATE AIDS FOR HOUSING AND FINANCE WE FIND A GREAT NEED FOR
HELP WITH HOUSING FOR FAMILIES OF MODERATE INCOME IN NEWARK
NAND STRONGLY ENDORSE PASSAGE OF ASSEMBLY NUMBER 770 AND RELATED
BILLS PROVISION OF LOW INTEREST FINANCING FOR SUCH PROJECTS
PLUS SEED MONEY HELP TO NONPROFIT SPONSORING GROUPS WILL STIMULATE
CONSTRUCTION AND ADD GREAT FLEXIBILITY TO OUR TOTAL HOUSING
PROGRAM IN NEWARK

MAYOR HUGH J ADDONIZIO NEWARK NJER

(00).

SF1201(R2-65)

CLASS OF SERVICE

This is a fast message unless its deferred character is indicated by the proper symbol.

WESTERN UNION

TELEGRAM

W. P. MARSHALL
CHAIRMAN OF THE BOARD

R. W. MCFALL
PRESIDENT

SYMBOLS

DL = Day Letter
NL = Night Letter
LT = International Letter Telegram

The filing time shown in the date line on domestic telegrams is LOCAL TIME at point of origin. Time of receipt is LOCAL TIME at point of destination

1119A EST MAR 30 67 PB071

I ATA044 PD ATLANTIC CITY NJER 30 1050A EST

COMMISSIONER OF COMMUNITY AFFAIRS

STATE HOUSE WEST STATE ST TRENTON NJER

WE THE MEMBERS OF THE MIDTOWN COMMUNITY ACTION COUNCIL URGE
THE PROMPT ENACTMENT OF THE LEGISLATIVE PACKAGE DEAL PROPOSED
BY COMMISSIONER YLVISAKER

MIDTOWN COMMUNITY ACTION COUNCIL

YLVISAKER

(13).1

CLASS OF SERVICE

This is a fast message unless its deferred character is indicated by the proper symbol.

WESTERN UNION

TELEGRAM

W. P. MARSHALL
CHAIRMAN OF THE BOARD

R. W. MCFALL
PRESIDENT

SYMBOLS

DL = Day Letter
NL = Night Letter
LT = International Letter Telegram

The filing time shown in the date line on domestic telegrams is LOCAL TIME at point of origin. Time of receipt is LOCAL TIME at point of destination

1004P EST MAR 27 67 PB282

P MKB551 NL PD 3 EXTRA NEWARK NJER 27

HON S HOWARD WOODSON JR, COCHAIRMAN JOINT COMMITTEE

STATE COUNTY AND MUNICIPAL GOVERNMENT STATE HOUSE TRENTON
NJER

SIR. THE DEPT OF N.J. VETERANS OF FOREIGN WARS OF THE UNITED
STATES WISHES TO PUT THEMSELVES ON THE RECORD AS FAVORING THE
PASSAGE OF THE FOLLOWING ASSEMBLY BILLS: A757, A763, A765,
A766, A767, A768, A770. WE FEEL THAT PASSAGE OF THIS LEGISLATION
WILL BE BENEFICIAL TO HUNDREDS OF THOUSANDS OF URBAN NEW JERSEYANS
AND THUS TO THOUSANDS OF NEW JERSEYS VETERANS

VINCENT L BRINKERHOFF COMMANDER DEPT OF NJ VETERANS OF FOREIGN
WARS OK THE UNITED STATES

A757 A763 A765 A766 A767 768 770.

Greater
NEWARK CHAMBER OF COMMERCE
Since 1868
605 BROAD STREET • NEWARK • N. J. 07102 • PHONE 624-6858

Henry W. Connor
Executive Director

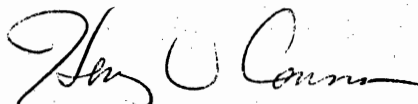
March 31, 1967

Mr. Samuel Alito, Director
Legislative Services
State House
Trenton, New Jersey

Dear Mr. Alito:

I had to leave the hearing of the Committee on County and Municipal Government yesterday and did not have a chance to present the Chamber's position. I wonder whether you could include the enclosed statement in the record?

Sincerely yours,



Henry W. Connor
Executive Director

HWC:pej
Enclosure

Statement by Henry W. Connor, Executive Director of the Greater Newark Chamber of Commerce. March 31, 1967

To: The Committee on County & Municipal Government

A. 770

The Greater Newark Chamber of Commerce has supported a state middle income housing program since 1962. At that time the success of the Mitchell-Lama Act in New York and the unmet needs for middle income housing in Newark, led the Chamber, in cooperation with others to draft a middle income housing bill which was later introduced in the Senate by Senator Robert Sarcone of Essex (Senate No. 200 of 1964). Assembly 770 is similar to the bills we have supported in the past and the Chamber, therefore, supports the principles embodied in it with one exception. We believe that the new housing under the Act should be restricted to blighted areas. This would insure that the housing would be built where it is needed most and where it is now most difficult to attract private investors.

Section 8 on page 7, lines 28 through 32 should read as follows: *

The agency may grant applications for loans only in connection with housing projects to be constructed in blighted areas as defined and determined pursuant to the provisions of Chapter 187 of the laws of 1949 (C.40:55-21.1 et seq.). In making a determination on a loan application, the agency shall give consideration to:....

A. 768

The Chamber has also supported state aid for urban renewal and drafted a bill similar to A. 768 of 1967 which was introduced in 1964 by Senator Richard Stout (Senate 320). We noted at that time that both our neighboring states, New York and Pennsylvania, made contributions to local urban renewal programs.

Since no funding is provided in A. 768 it is important to make it clear that payments may be made retroactively when funds are available. We therefore recommend the following amendments to A. 768:

Section 3, at page 2, lines 3 to 5 is amended as follows:

municipalities by making capital grants available to encourage municipalities to initiate new urban renewal programs and to meet the current costs of existing urban renewal programs and where feasible and desirable to expand such (existing urban renewal) programs.

Section 4 (e) at page 2, line 25 is amended as follows:

of the United States (.) , and shall include for the purposes of this act, expenditures or appropriations made or contracted to be made prior to the adoption of this act.

Section 8 (b) at page 6, line 12 is amended as follows:

as are or shall be used for or by institutions owned and operated by this.....

Section 8 (b) at page 6, line 12 is amended as follows:

not limited to, institutions of higher learning, state and local schools, parks, open spaces and neighborhood centers;.....

STATEMENT RE HEARING BY THE
STATE LEGISLATURE ON
ASSEMBLY BILL 757
"HOTEL AND MULTIPLE DWELLING HEALTH AND SAFETY ACT OF 1967"

March 30, 1967

East Orange is presently studying each of the six bills that are now before the members of the Legislature designed to implement a broad program to meet certain basic urban problems of the State.

We are whole-heartedly in sympathy with the efforts and stepped-up interests in the State in the area of community affairs. We welcome the energetic and innovative approaches now being suggested. We believe as much as anyone in action and the necessity of not deferring unnecessarily steps to eliminate chronic and long-standing illnesses. But in so doing, we are convinced that the success of the various programs is dependent upon their being well conceived and carefully prepared. Much of the proposed legislation deals with the basic commodity of housing and, in the case of A-757, not only with new construction but with the maintenance of existing housing. This is a highly sensitive area and in making the basic changes proposed, full attention must be given to the effect that this legislation can have on the present shelter for millions of residents of this State.

We believe that A-757, embodying as it does a totally new approach to property maintenance in almost every type of dwelling except for single family homes and two-family owner-occupied homes, is not yet in form ready for adoption by the State Legislature.

May I first express certain basic concerns with the bill as it affects municipalities of the State of which ours, of course, is an example? The City of East Orange has had a Housing Code for eight years and a Property Maintenance Code which incorporates housing, commercial, industrial and other types of properties, for six years. This code provides comprehensive regulations for maintenance of property throughout the City. The City has engaged an inspection force, has established a new department and has most recently initiated an intensive house-by-house code enforcement program in one section of the City covering 3,000 properties and 10,000 in population. This program has been undertaken with Federal assistance and combines code enforcement with special mortgage financing, architectural advice and public improvement -- all as a total neighborhood improvement effort.

A-757 would have the effect of replacing local property maintenance codes (such as the one East Orange has in operation) and local administration with a new blanket of regulations prepared by the Commissioner of Community Affairs and under his direct supervision and control. It would arrogate to the State complete and comprehensive regulations governing all "multiple dwellings" and "hotels". In a city such as East Orange, these terms would embrace the overwhelming majority of the city as it includes all types of dwellings except single family homes and owner-occupied two-family houses.

Article VII, Section 25(b) of the Act is intended to supersede any ordinance or regulation of any municipality which is in any way inconsistent with the provisions of this Act.

Under the recent case of Verona v. Shalit, 92 N.J. Super. 65 (Essex County Court, 1966), this type of language was held to preclude a municipality from enacting an ordinance which was more restrictive than the State regulations. In other words, this Act would repeal all provisions of the Property Maintenance Code of The City of East Orange which went beyond the regulations of the Commissioner and if the Shalit opinion is upheld by the appellate courts (briefs have now been filed in the Appellate Division), any effort of a community to regulate property in an area which the State has the power to regulate but fails to exercise may be construed as inconsistent and therefore invalid. R.S. 55:10-15 which presently authorizes more restrictive standards or terms in local ordinances would be repealed by Article VII, Section 28(a). In brief, this particular section of the statute would reduce local housing codes and property maintenance codes to be a mere echo of the Commissioner's regulations or, at best, a local "seconding of the State's motion".

There is a whole body of statutory law and case law that may well be swept away by the substitution of the Commissioner's regulation for Home Rule in this vital area of local administration.

The bill gives sweeping and all-embracing powers to the Commissioner but yet places the burden of leg-work and the costs of inspections on the municipality (Article VII, Section 21). It in effect transfers the Building Inspectors and Housing Code Inspectors from local control to becoming an arm of the new State agency.

We do believe the State has an important and vital

role to play in setting standards and directions for property maintenance throughout the State, particularly in those areas where codes are lacking or enforcement lags.

Approximately seven years ago in dealing with a specific aspect of the Tenement House Law, the City proposed an amendment to the law which would, for a certain portion of the jurisdiction of the Board of Tenement House Supervision, exempt certain classes of properties from inspections by the State agency and from direct State regulation where a municipality made a suitable showing that it had local regulatory ordinances and staff sufficient to administer its own program. By this device the Board would establish standards for inspection and enforcement and could withdraw the exemption upon failure of the municipality to live up to the standards. However, during such time as the municipality's operation was satisfactory, the administration and enforcement would continue to be local rather than state-wide, minimizing the red tape and duplication. This also would have the effect of minimizing the burden on the State where there was adequate local supervision. A further beneficent effect would be that property owners would not be subject to two levels of inspection which might well come into conflict to the bewilderment of the property owner caught in the middle.

We again urge that the current overhauling of A-757 utilize some concept such as that expressed here rather than centralized and remote State control over all of the voluminous details of property management and discretion in public enforcement.

II

A-757, in repealing the existing Tenement House Law and substituting a new "Hotel and Multiple Dwelling Health and Safety Act", broadens the area of State concern from three-family to two-family structures as defined. State regulations would, one year after adoption, extend not only to new or converted dwellings but to all existing dwellings that fall within the definition. It even extends State jurisdiction to the installation of equipment and services. Just to cite an instance under Article IV, Section 15(a), approval of the Commissioner might be required for the installation of an air conditioner in a two-family house which is not owner-occupied. Every equipment, structure, system or device for any property falling within the scope of this bill would require approval by the Commissioner before the installation could be made.

Perhaps the law may not be administered as minutely as

we presently foresee but Article II, in providing for powers to issue regulations and rules, does not even provide for exempting equipment, structures, systems or devices with which the Commissioner may not wish to be involved. The mandate of the law as written requires that plans and specifications be submitted for their "construction" and the Commissioner must act on them. Neither the terminology "equipment, structures, systems or devices" as utilized nor the word "construction" is defined so, consequently, the meaning may well be the subject of State regulation or ultimately of litigation. The law requires all such dwelling units to be registered with the Commissioner and requires annual inspection of hotels and inspection of multiple dwellings every five years. The paper work imposed by the bill may well become ~~monotonous~~ ^{monotonous} ~~monotonous~~ ^{monotonous} implying not only salutary regulation but burdensome red tape.

Again, this day-to-day work and the cost of it are to be borne primarily by the municipality. The application fees are to go to the State, again illustrating the disparity between local communities bearing the burden and the State assuming the control and the benefit of the fees.

The bill in some areas goes into unnecessary detail as to filing fees, periods of time for hearings, for securing compliance, etc. Much of the detail is unnecessary and may only lead to undue straight-jacketing in the bill's administration.

There are innumerable other questions raised by various sections of the bill which we would be happy to analyze in more detail if this bill is to be restudied and revised. There are such technical matters as an erroneous citation in Section 29 of Article VII in which there is a reference to Section 27 where Section 28 was intended. These incidents can be quickly resolved provided that the underlying jurisdictional and administrative questions are resolved.

We emphatically request that this bill be given careful consideration, that it be revised, and that the Legislature entertain appropriate legislation to reform the Tenement House Law as we basically concur that such an overhaul is long overdue.

Respectfully submitted,

WILLIAM L. BRACH,
City Counsel,
The City of East Orange, New Jersey.

WLB:cp

TOWN OF NEWTON

NEW JERSEY



Office of:

TOWN MANAGER

383-3521-23

March 30, 1967

Honorable S. H. Woodson, Jr., Chairman
Assembly Committee on
County & Municipal Government
State House
Trenton, New Jersey

Dear Assemblyman Woodson:

The Town Council of the Town of Newton has authorized the Town Manager to represent the Town of Newton at a public hearing, on various pending community affairs bills, before a Joint Senate and Assembly Committee. In the event the Town Manager is unable to testify, the Town of Newton would like this letter made a part of the hearing record.

The Town of Newton is particularly interested in pending legislation to provide State Aid for Urban Renewal, exchange of personnel, demonstration programs, and relocation assistance.

Newton is an old, small, self-contained community. It is the County Seat of Sussex County and major shopping and service center for much of Sussex County and a portion of Warren County. As an indication of its importance, as a center, 1965 retail sales exceeded \$32 million dollars and 1966 street and off street meter revenues were over \$22,000.

On a smaller scale, Newton has all of the problems of larger central core cities, including limited outlying suburban development. We have blighted areas, narrow streets, poor traffic circulation, problems of topography, streets carrying traffic in excess of design capacity, substandard structures, and limited financial resources. The Town must finance all of its activities on about 19% of the total tax revenues.

We have adopted a Building Code, Fire Prevention Code, Housing Code, Unfit Building Ordinance, Zoning Ordinance, Electrical Code and Plumbing Code. We recently began a Systematic Code Compliance Program. We are considering the adoption of a Property Maintenance Code.

Honorable S. H. Woodson, Jr. -2-

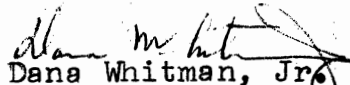
March 30, 1967

We have completed a Community Renewal Program and authorized a Survey & Planning Application for the first of possibly six (6) desirable renewal projects. We have, through a representative citizens committee, made a determined effort to improve downtown (tree planting, alley surfacing and lighting, minor building exterior improvements, improving Town entrances). This self help renewal program has met with some success.

In order to finance desirable and necessary renewal programs, we need financial assistance. State Aid, supplementing Federal Funds, would be most helpful to us.

We believe Newton, as well as Jersey City and other large old central core cities, would benefit greatly from the enactment of legislation to provide State Aid for urban renewal, relocation assistance, demonstration programs, and the exchange of staff services.

Very truly yours,


Dana Whitman, Jr.
Town Manager