

PUBLIC HEARING

before

ASSEMBLY COMMISSION TO STUDY THE AVAILABILITY OF URBAN HOUSING

(Created pursuant to Assembly Resolution No. 23)

Held:
August 2, 1978
Commission Chambers
City Hall
Atlantic City, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Assemblyman William L. Gormley (Acting Chairman)
Assemblyman Peter Shapiro
Assemblyman Emil Olszowy

ALSO:

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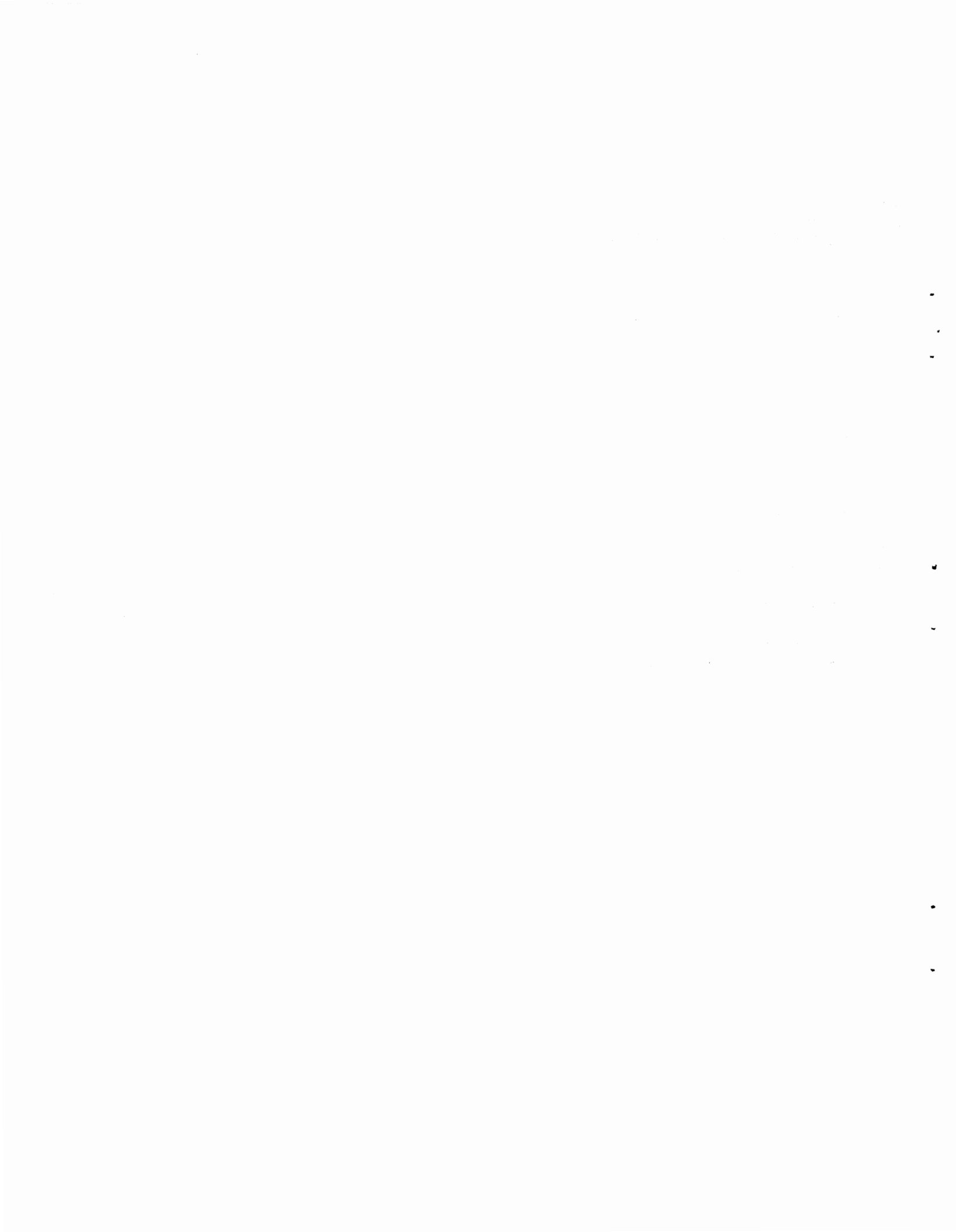
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ASSEMBLYMAN PETER SHAPIRO(Chairman): May I have your attention, please? My name is Peter Shapiro. I am Chairman of the New Jersey Assembly Housing Study Commission. We are here in Atlantic City today for our second public hearing on the housing situation in New Jersey's urban areas.

One of the other members of the Commission, Bill Gormley, is a representative from this district, and because he is, I am turning over the Chair to him today to preside over this hearing.

W I L L I A M L. G O R M L E Y (Acting Chairman): Thank you, Peter. I briefly will state what we are going to do. There is an agenda of certain people who are going to speak, and we would like to keep within a fifteen minute limit per person, simply because we have a lot of people who want to speak, and there is quite a lot of interest, looking at the turnout today, in housing in this area.

At this time, I would like to turn to the other member of our Committee who is present today, Emil Olszowy, representative from North Jersey, for any comment he might like to make before we start with the speakers.

E M I L O L S Z O W Y: Thank you, Assemblyman Gormley. I am fortunate, because I am here at the Eastern Regional Conference of the Northeastern States, and one of our topics is developing the urban strategy. But I, too, represent an area which includes the City of Passaic, and we, too, have our housing problems. I have a personal interest in the proceedings and what the findings will be today. As legislators, each of us here today represents a district which has the same problem that is facing Atlantic City.

ASSEMBLYMAN GORMLEY: Thank you. The first speaker will be the Mayor of Atlantic City, Mayor Joseph Lazarow. (Applause)

J O S E P H L A Z A R O W: Good morning. I want to welcome all of the members of this Commission, and thank you, for coming to Atlantic City where we certainly need your help and assistance. I want to welcome all the people who are here from Atlantic City, and from around Atlantic City, also. I hope that we can accomplish something this morning, or at least help accomplish something.

I have to tell you a little story about a mayor of a city who was a mayor for thirty years. One day a reporter spoke to him and said, "To what do you attribute your success? How come you have been a mayor so long?" The Mayor said, "Well, I attribute my success to two things, honesty and wisdom." The reporter says, "Well, will you please define those two things?" The mayor says, "Well, honesty is, if you promise something, you always have to fulfill your promise." And the reporter says, "What is your definition of wisdom?" He says, "Wisdom is, never make a promise."

Unfortunately, I am not blessed with wisdom, I guess, because I do make promises, and I do have to pray that God will help me carry out those promises. We are here to discuss a very important subject to the people of this City, housing. There is a very severe shortage of housing, and housing in Atlantic City is very limited, and much of the housing is in poor condition. There is also the tremendous threat and pressure of the gambling industry to push people out of housing. There are many people fortunate enough to purchase a piece of property, so they have some measure of security. But many people, particularly senior citizens and others who are renters, are facing a very, very severe and unfair situation in Atlantic City.

I believe in order to provide adequate housing for this area, the first step is to preserve and protect the good housing that we have. We should preserve and protect the neighborhoods. Now, when we speak of neighborhoods in Atlantic City, we not only mean the west side, Chelsey Heights, bungalow park, but also the Ritz, the Mayfair, the President. Everyone of those high rises is an individual neighborhood, because they contain several hundred families. Down in Tennessee there is a little two-inch fish called the snail darter. It is an endangered species, so they stopped a project of many, many millions of dollars in order to protect this endangered species. Well, we have an endangered species here too and it is called people. We should spend all the money that we can spend and put all the power and ability and authority that we have to protect this species in Atlantic City. These people have a right to live in Atlantic City, and they have a right to live where they can look out over the ocean, too.

So, I have taken a rather strong stand, and I think the State should also. As much as we wanted casino gambling, we should limit casino gambling where it starts to interfere with the protection of the neighborhoods, and where it interferes with the people who have a right to spend the rest of their lives in peace and quiet, and with some security. I am asking this Assembly Committee to go back to your Assembly and to the Governor and to everyone in Trenton and tell them that we sincerely seek your help in preserving these apartment dwellers, their apartments, their right to live in decent surroundings with an ocean view, if that is where they are living now, and where there is some sunshine and fresh air. It is not just a city for tourists and not just a city for commercial industries, and it is not just a city where people can come and speculate and make a lot of money. First and foremost comes the people in this city. That is why we wanted gambling in the first place, but, as I said, if it gets to the point where it is not helping the people but hurting the people, then we seriously--- I am saying this very seriously, because nothing is irrevocable. The people of New Jersey were kind enough to see the plight of the people of Atlantic City, and they were generous enough to come out and vote for gambling for our benefit. But if it comes to the point where we can show the people of New Jersey that it is hurting the people of Atlantic City, then I think we will go to the polls and abolish it, if that is necessary. (Applause) I hope that does not happen.

Now, this morning there will be other Commissioners of the City of Atlantic City who are as interested as I am in the welfare of the people, and they will go into greater detail as far as what we think we need with regard to housing. But I wanted to outline just a few more points.

From our experience of running to Trenton and running to New York and running to Washington, and having been promised 750 units for senior citizen families, I am going to tell you, to this date, I have not even received a letter in writing saying that we have the 750 units. I think there is too much red tape between the New Jersey Housing Authority, HFA, and also HUD. I think there should be the cutting of red tape, and greater coordination, so we can have some action between them. (Applause)

I think the State of New Jersey and the Federal Government should seriously consider providing funds for the acquisition of land in Atlantic City for housing, because that is the most difficult problem for us. We have been saving out of the community development block grant for four years to have one million and a third dollars to buy a piece of land that we were directed to buy about four years ago.

We are finally in the position of purchasing it for senior citizen housing. I think across-the-board housing must be encouraged. I have not seen any encouragement of private building. I remember being in the State of Israel in 1974, and the first thing that greeted me was the Jerusalem Post newspaper. On the front page of the Post was a picture of a bus station that was half completed, and the government had stopped all commercial building to provide apartments for the young soldiers coming back from the war. How they could do that with private industry in that country, I don't know. It certainly is different from this country. But, I will say this: It is a very, very important government function to provide housing for the people. It is most crucial and most critical. I know you know that. But, still, we have to find some means to encourage private building. We have a considerable amount of subsidized housing. I think that we should apply rent aids or rental assistance to all types of apartments. Because, I think, if you have a created board that comes down to deal with situations such as the Mayfair, the Warwick, the Ritz, and the President - and you can throw in Park Lane - that you are going to have to deal with reality. I think a board should be created to help the people in this respect, and I think you are going to have to extend some rental assistance to everybody across-the-board.

We also have to think of housing as a regional matter, and not just limit it to Atlantic City, but to the surrounding area. We have been to the Board of Freeholders to ask for the creation of such a regional authority. So far that has not come about. The State has been asked for years to create some type of regional authority for housing, and I think it is high time that we do this.

Again, I say thank you for being here. I hope it will be a successful day. These people are very, very much concerned, as you will hear and will know. We will present more facts from the city later, but I sincerely hope and ask on behalf of the people of Atlantic City that you give very serious consideration to preserving the apartments for these people, allowing them to stay there and enjoy the rest of their lives. (Applause)

ASSEMBLYMAN GORMLEY: Thank you, Mayor. Assemblyman Shapiro, do you have any questions?

ASSEMBLYMAN SHAPIRO: Mayor, I have just a few brief questions. You mentioned 750 units of housing, and that there was a tie-up with the Federal Government on that. Could you elaborate to this Committee what that tie-up consists of?

MAYOR LAZAROW: The hold up?

ASSEMBLYMAN SHAPIRO: Yes.

MAYOR LAZAROW: I don't know what the hold-up is. It was originally stated in the November before the gubernatorial election that Governor Byrne had obtained a commitment from President Carter for 750 subsidized units in Atlantic City. I might state this: The State did help when we needed to get more subsidized units in Community Haven. They did open up that building so that more people could move in there. We had some measure of success.

But, then, when we went to Washington to see the principal officer of HUD, he said, yes, President Carter did make such a commitment, so, we are here to help you with that commitment. Now, since that time we have been requested about a half a dozen times by HUD, particularly, as to how and where we wanted this housing, and half a dozen times we replied to them that we wanted 300 units of senior citizen housing and 450 units of family housing, and we pointed out the exact locations where this housing could be located. We went to Newark, New York,

Trenton, and we have still not received anything on paper confirming what they promised us.

ASSEMBLYMAN SHAPIRO: So you are not sure exactly where it is tied up at this point?

MAYOR LAZAROW: Well, we are going to have a meeting next Tuesday with everybody concerned in my office. We know where some things are tied up, mostly in a lot of red tape, which we are going to try to cut. But I think you need greater coordination and the cutting of red tape between these agencies, the State HFA and HUD.

ASSEMBLYMAN SHAPIRO: The master plan was subject to some criticism, in some of the reports that I have read, for what the critics maintain was the failure to include an adequate consideration of the housing needs of the elderly and poor of the community.

MAYOR LAZAROW: At one o'clock this coming Monday the master planner and his associates will deliver the master plan for housing. So, there is really no use criticizing until we see it.

ASSEMBLYMAN SHAPIRO: There isn't a draft yet or anything like that to look at?

MAYOR LAZAROW: I do not have one.

ASSEMBLYMAN SHAPIRO: Thank you very much, Mr. Chairman.

ASSEMBLYMAN GORMLEY: Assemblyman Olszowy.

ASSEMBLYMAN OLSZOWY: I would like to make a statement rather than ask a question at this time. We are now faced with housing problems for seniors and other people, because they are being displaced. But, we had no compulsion to take these millions and millions of dollars to put up public edifices that we are sitting in today, including my own town which is putting up a six million dollar one with federal funds. And, yet, we were greedy and we took it, but now we are faced with a problem, what do we do with the people. They come here and sit in a beautiful building, but they have to go back to buildings which are falling apart.

I think we should channel our efforts to the congressional candidates and our congressional representatives to stop this public works bill and channel it into housing. (Applause)

MAYOR LAZAROW: I agree with you, but I must say this: If gambling had not passed here, there would be many people who would have moved out of Atlantic City, and the housing situation would not have been anywhere as severe as it is now.

ASSEMBLYMAN OLSZOWY: But if they kept moving out, where would you have gone, sir?

MAYOR LAZAROW: Where would they have gone?

ASSEMBLYMAN OLSZOWY: No, I am talking about your community, where would your community have gone if they kept moving out?

MAYOR LAZAROW: Well, it was a bad situation.

ASSEMBLYMAN OLSZOWY: That's right. That is what we are going to try to find out, how to stop it.

ASSEMBLYMAN GORMLEY: Mayor, you have suggested, obviously, action on the State level. Have you formulated, through any of the Commissioners or the City Solicitor, any ideas for proposed legislation that would be necessary on the State level?

MAYOR LAZAROW: Yes. We are interested in legislation which would prevent the moving out of people from a building for the purpose of gambling. We would like the gambling legislation amended, so that no one can take a building with people in it and move them out for the purpose of gambling. (Applause)

ASSEMBLYMAN BGORMLEY: Thank you very much. The next speaker will be City Commissioner Pierre Hollingsworth. (Applause)

P I E R R E H O L L I N G S W O R T H: Chairman Shapiro, members of the Committee, I too welcome you to the City of Atlantic City. Certainly, we welcome any kind of forum like this where we can present our problems to you. The housing issue has not just been brought about because of casino gambling. As you know, in all inner cities, housing has been critical. It has been critical in the City of Atlantic City for the past ten, twelve, fourteen years. And, it has been very difficult.

There have been various projects that we have been working on such as the use of community development block grant monies to acquire land for housing, and the problems that we have gone through in accomplishing that. I am saying that this problem is not brought about specifically because of casino gambling. It is brought about because of the decline of the inner cities. Now, we have attempted to do some things here in the City of Atlantic City, but I am not going to go on with lengthy testimony. I want to bring to you, though, some facts and figures about the things that we are attempting to do.

Before that, I have to say that we need certainly the cooperation at the State and Federal level. We have been to Washington. We have met with the Carter Select Commission on Urban Development, and we have attempted to let the people in Washington know that we must have Federal aid. We have met several times with Committees from the State. We have met with Commissioner Lordi and his group to try to attempt to correct some problems.

Now, you have talked about the 750 units. We got a letter recently that out of that 750 units, 175 of the units were for a project not far from here, for senior citizen housing. We got a letter saying that was secure, but what we asked for was for family units to be rehabilitated. We are being told from the State level that those units, because they are scattered, would not be approved. Now, this is what I am concerned about. Because they are going to be scattered should not be a valid reason why they should not be approved. We are dealing with a situation in which there is a set policy, but just because it is policy in one city, it does not necessarily have to fit the City of Atlantic City. We are going to have to be a little more aggressive in seeing that these things happen.

Out of that 750 units, 300 units of senior citizen housing is designated for an area that we call the inlet section. So, now, we are talking about 475 units out of the 750 that are pretty much secure. But we are having problems getting approval for the rest of them. We had a housing project of 160 units of family housing along what we call the Brigantine Boulevard. We went through a maze of bureaucracy to get that approved. As you know, there was a problem at the final land sale, and that has been corrected. The two developers have gotten together, and now we will see that project in a growth position. We acquired land in the inlet section with community development block grant funds of \$1 million for 39 units of what we call 235 home ownership. That is in a go position, to the extent that the Housing Authority now is acquiring that land.

I am going to introduce to you now Dr. Maultsey, who serves on the Planning Staff. He can outline to you specifically the housing units that we have on board, the housing projections. Maybe after that, you will have a clearer picture of how we are going to need help to make these things a reality. If we don't have these things as a reality, naturally, we are going to be faced with the same problems that we had before casino gambling. We need housing, as the Mayor said. It is very important.

Dr. Maultsey, will you come forward, please.

HUBERT DANFORD MAULTSEY: Good morning, I am an Associate in the Department of Planning in Atlantic City. With your indulgence, ladies and gentlemen, I think it might be helpful to give some sort of perspective, if you don't mind, for a few seconds, in terms of Atlantic City, and then the efforts that are trying to be made by the governing body and the Department of Planning in terms of efforts to build housing.

It probably needs to be kept in mind that Atlantic City has a total aggregate area in terms of land of only 7,648 acres. That is approximately 12 square miles; 2,600 of these acres are developable. A more precise term probably would be, "re-developable." These 2,600 square acres are approximately 4 square miles. So, out of the 12 square miles, the land that we have to deal with is only about 4 square miles. I think it is an important and pertinent point, because frequently when people get into conversations or discussions about Atlantic City and housing, what is forgotten is that we are dealing with an extremely limited land resource. Atlantic City is not a Mount Laurel, nor is Atlantic City a Pittsgrove Township. And, therefore, it cannot be discussed within the same context as these communities where there are larger areas of land to be dealt with.

Again, I have a few pertinent facts that might be helpful for perspective: The current population of Atlantic City - as of July 1, 1976 - was 43,644 people; the current housing units in the city are approximately 18,077 - and that is according to the figures of the Housing Assistance Plan. I am sure you are aware that every community, in order to secure the Federal funds, must submit a housing assistance plan. The number of subsidized units currently existing in Atlantic City - the number that currently obtains - is 3,713, and that is according to a master plan housing inventory taken as of December, 1977. Of that number, 1,139 or 31% is senior citizen housing. Of this number - and I know at times numbers and facts and figures can sound overwhelming and confusing, but I think it is important that we at least have some idea as to the parameters within which we are working - 3,713 subsidized units, 1,648 are public, and 2,065 are privately owned. Now, in terms of our master plan, how this fits in, as the Commissioner and the Mayor have already mentioned, as of Monday, the master plan housing sub-consultants, we understand, are going to present to the planning board the final segment of the housing element of that plan. We will hopefully be able to determine even the economic analysis, and so forth, where and in what direction the city fathers choose to go in terms of housing and development.

The number of units that were lost, at least in 1977, due to demolition were 316 family units. The number of units lost from fire - and there is a problem, at least, in trying to deal with hard data in Atlantic City, simply because the statistics tend to be somewhat soft - last year, and this gives us some idea of people who are displaced, to some extent, in 1977 were 185 apartments, 17 apartments and

stores, and 149 dwellings. You should be aware of the fact that at least according to our sources in the fire department, dwellings are considered detached houses, as opposed to apartments and so on. The number that were declared unfit in 1977 were 90. Therefore, the aggregate figure lost was 406.

Now, in terms of perspective, Atlantic City has been attempting, with some difficulty on our own part, and just trying to work hand in hand with the State, to have a VIP program, voluntary improvement in property. Atlantic City has a neighborhood preservation program property where the State of New Jersey provides us with \$100,000 and the City, of course, matches it. The State and City in a joint effort formulated the non-profit housing corporation called "ACCRAD," an acronym which stands for the Atlantic City Corporation for Rehabilitation and Development, headed by an extremely able gentleman by the name of Mr. Harold Lucas. Atlantic City also is involved in the HILP Program, the Home Improvement Loan Program. And, finally, we also are operating with what we call a neighborhood strategy area program.

I won't bother explaining or belaboring the point with these, because I think you are aware of them, and there is enough information available for them to be defined and explained. The one program that perhaps needs to be elaborated on is the neighborhood strategy area program. This is a program, as you know, that is in harmony with the President's and Secretary Harris' program of targeting funds to particular urban areas. There are 20,000 units targeted for the whole United States. Atlantic City hopes to garner something like 471 of those units, which is not a particularly large number, but we are going after as many as we can. Now, it should be understood that this program contains totally rehabilitated units.

It might be helpful to look at this map. The area that you see outlined in yellow--- The area we are talking about outlined for the neighborhood strategy area proposal goes from Ohio to New York Avenues and from Atlantic to Mediterranean. It encompasses approximately eight or nine blocks. The whole pier--- As I mentioned earlier, the City is trying to garner 471 units, total rehab. We should hear, hopefully, about this program by September. Now, that is one program that I think is significant. The City's application was submitted as of May 26th.

Another element to which we return, and I am sure you may have some questions, is 175 units of senior citizen construction, and this is located at Mediterranean and Tennessee Avenues. The reason I mention this is because it is the closest. It is the closest in terms of any developer having come through the Planning Department, and any developer having received from HFA a commitment, as Commissioner Hollingsworth and the Mayor pointed out, and any developer having submitted plans to the Planning Board. Those plans are scheduled to be reviewed by the Planning Department or the Planning Board, I should say, within two weeks.

The Commissioner also mentioned 300 units scheduled for senior citizen construction, an addition to Inlet Towers. In terms of family housing, there are some other developments, and I should perhaps move to some of the some of the matrices that we have. The closest we have, the Planning Department is now reviewing 160 units. Again, the Commissioner and the Mayor touched on these. These 160 units are located near Brigantine Boulevard. There are also in the hopper 75 units projected on what we term RP-19. I will show you that in a second on our map. The problem with the 75 units is they are currently now being reviewed by the Department of Housing and Urban Development in Newark.

Finally, coming back again to rehabilitation and the neighborhood strategy area of 471 units, which has already been by the Commissioner, as of only four or five days ago, we received a letter of rejection for additional rehabilitative units, something in the neighborhood of 250 to 275, from HFA. The thing that we should mention, and that which is most confusing to us, is that these units scheduled to be rehabilitated are contiguous to the area that was approved in our ASA application. What I am saying very specifically is several of the units that are scheduled to be rehabilitated by this particular developer and that were rejected by HFA for reasons perhaps known to them, but not to us at the moment, are in harmony and contiguous to this particular area which was previously approved.

Now, let me try, if I can, just briefly, to give you an outline. These are some of the projects, some of which I have touched on briefly, and I will try to explain to you where they are in terms of specific development at the moment. This particular matrix is dated as of today, so it is current, and it shows 32 units of housing are scheduled for block G-1. That is in the inlet area. It is an area that is scheduled to be declared blighted. I say scheduled, because it has already been approved to be blighted by the Planning Board, but now that has to go to the City Commission, and only the City Commission can rule on whether or not they will approve that particular action. It is scheduled for Section 235 housing, multiple land ownership, and the City has set aside \$1.3 million for acquisition, relocation, and site clearance. As of May 1st it was approved by the Planning Board for a blighted area. According to our City Solicitor, this should now come before the City Commission this Thursday, tomorrow. It will then either be approved or rejected as a blighted area for housing.

Secondly, 93 units are scheduled for blocks G-2, G-3, and G-4. Now, it is a bit difficult to see, but at least with this map you will get a feel for it. This, gentlemen, is block G-1. Blocks G-1 and 97 have already been declared blighted by the Planning Board. It is scheduled at some future date to expand that area to blocks G-1, 2, 3, and 4, again, for housing. The map simply tries to locate visually what you see here. Blocks G-2, 3, 4, are approximately 1.8 acres and Section 235 housing.

I will just move through this quickly. Of the 300 units at the Inlet Towers, 150 units are scheduled by --- It is titled Shalom Towers, and again, so that you have an idea, our current information is that this project is proposed by the Federation of Jewish Agencies. Unfortunately, it is now in litigation over who has or can get site control.

Four hundred and fifty units is scheduled for RP-16, 132, and 133 - family housing, Section 8, low income. It is proposed for future blight declaration, and the CDBG funds will be used there.

Moving on fairly quickly, the 75 units I mentioned earlier, Barclay Arms, that is the 75 units that are now currently being reviewed by HUD in terms of correct unit distribution, correct square footage, and so forth and so on. The others, without going into a great deal of detail are conceptual proposals of various developers who came in to the Planning Department at various stages. We have encouraged some. Our whole approach has been that developers should gain, first, site control. One cannot very easily discuss a housing project or development unless the person controls the site of the land.

The others you see are for housing rehabilitation in the NSA area, proposals for in-fill housing, again, moderate income housing. The last matrix that I will

show you just very briefly will perhaps help you understand some of the sites that were acquired and controlled by the developer, and then, as far as we understand, rejected by HFA. The 175 units of the townhouse apartments scheduled for senior citizens was approved as of July 25th in a letter that we saw sent to the developer, and this, as I mentioned earlier, will come before the Planning Board in two weeks. Our staff has reviewed this, and at this stage all things look very good.

All of the others are zero, as far as we understand at this point. And, as the Commissioner mentioned, it is confusing, to say the least. We certainly don't understand why, because several of those sites are contiguous to the area again that HFA approved in terms of the city's NSA application.

There are two points that I would like to make before I conclude. It should be kept in mind, as I am sure you are aware, that there is both difficulty and chaos in the escalating real estate and land prices that currently obtains in Atlantic City. This is why, when a developer comes to us, and says - not that I would like, not that I intend, not that I hope, but that - he has control of anywhere from eight to eleven to twenty-two sites, and would like to bid, and you can see he has a rather viable operation ready to go, it is difficult to understand, then, why scattered sites cannot be looked at a little bit more carefully and very, very - shall I say - closely under a magnifying glass to see what can be done. Atlantic City is operating at present in an extremely difficult and not very usual situation.

The final thing I would like to pass on, as the Mayor and the Commissioner mentioned, is in terms of regional housing. Regional housing, it would seem, is an extremely important element that needs to be looked at by the City, the County, the State, the Legislature. On July 6th, representatives of the Atlantic City Planning Department participated in the review of the State Housing Allocation Plan, a plan that was given, and a review that was given, by the Department of Community Affairs at Stockton State College. Now, I should say in all candor that at that review several communities contiguous and near Atlantic City commented that they will not and do not intend to accept low or moderate income housing. This is an important point. I think people frequently forget that there is a number of people who live in Atlantic City now, who intend to relocate and will relocate in Atlantic City, who will be at an income level above that for subsidized housing, but not enough to afford the outrageous and escalating prices of semi-detached or detached homes - the shopkeepers, the merchants, the city employees, the policemen and policewomen, your firemen and firewomen, all of whom are going to need moderate income housing.

It will be remembered that at that particular session at Stockton, which Assemblyman Gormley spearheaded, several communities commented that they will not accept low or moderate income housing unless they are forced to. That's the reality. Given this, and this review followed a meeting that the total City Commission had on June 20th with the Atlantic County Board of Freeholders, a meeting which was called specifically to discuss regional housing, I think you can see that there is going to be resistance to regionalized housing, and yet it needs to be addressed.

As was explained to the Freeholders, Atlantic City has only twelve square miles, four of which are redevelopable. Regional housing is crucial. I think, finally, it should be borne in mind in dealing with regional housing that the

State Housing Allocation Plan has allocated to Atlantic City that Atlantic City should develop by 1990 2,733 units. Atlantic City currently has in place 3,713 units. The bottom line is that regionalized housing would seem to be the key.

COMMISSIONER HOLLINGSWORTH: Thank you, Doctor. We did not want to bombard the Commission with statistics, but we think it is important, and I think we cannot emphasize the fact enough that what we are talking about is that there is a necessity for the rest of this county to open up if we are going to solve this housing problem. We have to dispell all these feelings about low and moderate income housing, because we know we need it. We are going to have to have it. The population demands that we have it. The income levels demand that we have it, and we have to look at those types of things and see that they are put through.

We will answer any questions you have. But, I can tell you one thing, before casino gambling we had what you call the Grammercy Court Apartments located at Maine Avenue. We put in an application for rehabilitation of those properties, and they were turned down at the Federal level, because they said it is in a flood plain area. What I am saying is, everything we propose, or a lot of the things, is being turned down, and it is being turned down at the Federal and State level, and these are the barriers that we must overcome if we are going to be able to provide housing. (Applause)

ASSEMBLYMAN GORMLEY: Assemblyman Shapiro.

ASSEMBLYMAN SHAPIRO: I have one or two questions. When you are talking about this really impressive list of projects which are in the works or in the planning stage, or when you are talking about some of the delays that are involved in these, you mentioned a turn-down by the Federal Government. Can you explain why those have occurred? Is it a matter of there not being adequate financing, or what? I would like to get my own perspective on it as a representative of the City of Newark. We have similar housing problems, although they are caused by different things. There is a critical lack of Section 8 funds. Is it that subsidy mechanism that is missing in this case? Is it another subsidy mechanism, or is it simply because of things like construction on a flood plain, and other mechanical problems?

COMMISSIONER HOLLINGSWORTH: That is one thing, policy. I told you about the flood plain. Because of the housing being located in a flood plain area, saying that happens now to be a ten foot elevation, that project was turned down. Recently, these family units for rehabilitation were turned down specifically because they said they were on scattered sites. Dr. Maultsey very clearly pointed out that these sites are contiguous to what we call the neighborhood strategy area, which is not just scattered spot housing all over the place. My other point is, when these policies come down like that from the Federal or State level, it means that when you look at a city like Atlantic City, we certainly have to deviate from the norm, because, let's face it, we are in a city that all of a sudden has a new economy, and it has some pressing problems brought about because of this new economy. If we are really going to focus in on providing housing, it means that we have to skip over some of these standardized policies, and certainly make it fit this area.

ASSEMBLYMAN SHAPIRO: Which is the subsidy program that you are requesting from the Federal government, is it Section 8?

COMMISSIONER HOLLINGSWORTH: Yes.

ASSEMBLYMAN SHAPIRO: And have they told you about the critical shortage in Section 8 housing due to what we see as a very unfair allocation to the State

of New Jersey of total Section 8 units?

COMMISSIONER HOLLINGSWORTH: Could you repeat that, please?

ASSEMBLYMAN SHAPIRO: New Jersey has had a very unfairly low allocation this year in Section 8 units, something that the State Housing Finance Agency, as well as many others, including myself, has complained to the Federal Government about very bitterly. Have they told you that is one of the reasons why they are turning these things down?

COMMISSIONER HOLLINGSWORTH: No.

ASSEMBLYMAN SHAPIRO: One other question, in terms of the rehabilitation that Dr. Maultsey was talking about - the 471 rehab units, I think, in the NSA area - what kind of housing stock exists in that area? Is that frame housing? Is it masonry housing?

COMMISSIONER HOLLINGSWORTH: It is a combination.

ASSEMBLYMAN SHAPIRO: And it is not one specific type?

COMMISSIONER HOLLINGSWORTH: It is--- It can be rehabilitated, and that is why that area was selected, and it is not in a flood plain area, and it is not in a body of water, and it is a combination of frame houses, brick houses, and what have you. It is an area that the Planning Department went over and looked at, to see whether they could be rehabilitated, and they can be.

ASSEMBLYMAN SHAPIRO: I have one final question. I think this is my second final question, in fact. In terms of what Dr. Maultsey was speaking about earlier in terms of the number of displaced persons in 1977 - and you talked about the number that were demolished, and the number that were destroyed by fire, and the number that were condemned due to unfit for habitation declarations - is there any temporary relocation center in Atlantic City for people who are relocated due to extreme circumstances beyond their control?

COMMISSIONER HOLLINGSWORTH: Actually, the answer is no. There have been all kinds of attempts to set this up, but we have a limited amount of buildings.

ASSEMBLYMAN SHAPIRO: Certainly. I am not saying that this should be the city's burden.

COMMISSIONER HOLLINGSWORTH: We have an All Awards Memorial Building that we try to use for emergency purposes. Before casino gambling, we used the motels. Naturally, they can make a better buck now, and you can't even get them into the motels. So, if you are asking me if there is a center, no, but there is a need for it. But there is no building that is available for that, and it has been an ongoing struggle.

ASSEMBLYMAN SHAPIRO: Thank you.

ASSEMBLYMAN OLSZOWY: I have one question which I would like to ask. You indicated that you are interested in building in a flood plain area? Did I hear you say that was one of the obstacles?

COMMISSIONER HOLLINGSWORTH: I said, rehabilitated housing in the flood plain area was turned down. As far as building in that area, it is no problem, because then you have to go through a ten foot elevation, and it is okay.

ASSEMBLYMAN OLSZOWY: That is the part I misunderstood. I thought you were willing to build in the flood plain area.

COMMISSIONER HOLLINGSWORTH: No, we had housing in what we call the flood plain area, and we thought it could be rehabilitated. Applications were

sent in to do that. It was turned down, because they would not accept the rehabilitation of those buildings. If you would go up there now, you would see that they are being demolished. These are brick buildings. What I was trying to do was point out examples of some of the problems that we have, as far as providing homes.

ASSEMBLYMAN OLSZOWY: It is our intent on the State level to eventually remove all homes from a flood plain area. In the area where I am, people have been completely washed out by devastating floods, and now we have National Flood Insurance. Eventually, the plan over a number of years is to get every home out of the flood plain area, so everyone can be safe.

COMMISSIONER HOLLINGSWORTH: Well, then, in Atlantic City you would have to remove everybody from the entire city, because the whole city is below---

ASSEMBLYMAN OLSZOWY: Well, that would take care of the casinos, too.

COMMISSIONER HOLLINGSWORTH: Well, we have a different situation here. When we say flood plains, we have a very low level in what we call the inlet area. Unfortunately, years ago somebody made the mistake of building in that area at a very low level, but it should have been built up higher. Had it been that way, today we would not have had that problem. But we do have a problem because there have been mistakes made in the past.

ASSEMBLYMAN OLSZOWY: Do you agree we should get out of the flood plain area?

COMMISSIONER HOLLINGSWORTH: Now, wait a minute, I am not going to agree to that, because I am telling you, the entire city of Atlantic City is built at a low level. Now, we put up a new school complex uptown called the Madison Avenue Complex. It is built at a very high level. That school will be there for years to come. Houses can go into the same area, and they will be there for years to come.

ASSEMBLYMAN GORMLEY: I have a few questions. You talked about available acreage. How much undeveloped acreage is still owned by the City that would be available for any project? You talked about an acquisition for \$1.3 million. I am curious as to how much the City still has available right now.

COMMISSIONER HOLLINGSWORTH: I will let Dr. Maultsey go through the statistics of that, but as far as how much land we actually own, I will let him answer that. We are not just selling that land, either. We have set it aside for housing.

DR. MAULTSEY: To be honest, Assemblyman Gormley, I would rather say that the final facts on that should be available on Monday, because that is the precise thing that is being developed by the housing sub-consultant in terms of mapping, land acreage, and what is available. That is the problem we have to date, determining the hard and fast areas, and what can be used for developing.

The only other thing I could say is that there are no real large tracts available for the public or private developer, unfortunately, except for, I guess - and the Commissioner would know this better than I - the sanitary landfill, which we are presently investigating in terms of methane gas problems, as to what can be developed on that.

ASSEMBLYMAN GORMLEY: On the State level, it would appear that we do have an immediate question that we could ask. I guess I am making more of a statement rather than asking a question with regard to the HFA situation and the rehabilitated units. That would be an immediate problem that I guess we should be looking into on the State level.

Commissioner, even though we haven't seen the master plan - and I know everyone is waiting anxiously for the master plan - do you have any tentative idea as to how many units will be proposed? For example, you have no idea whether you will be endorsing the particular proposal, or not, yourself; is that correct? I would like to see it, and I am sure everyone would like to see it. I think even the Commissioners would like to see it.

COMMISSIONER HOLLINGSWORTH: You are right. As you know, we did have a few problems with the housing component of the master plan. It is no mystery. It is no mystery that the housing component of the master plan is a necessity; it must come out. And hopefully, Monday, we are going to know exactly how many housing units are needed, and how many are there. We are going to know all the fine statistics, and we are going to know where it is going to be recommended that low and moderate income, and high and moderate, and senior citizen housing should be located. This is a must.

ASSEMBLYMAN GORMLEY: I want to thank you very much for appearing today. Commissioner Lordi, please. I would like to thank the Commissioner for coming today.

J O S E P H P. L O R D I: Assemblyman Gormley, members of the Commission, I would like to thank you for inviting me to testify on the issue of housing in the Atlantic City area. As Chairman of the Casino Control Commission, and as Chairman of the Governor's Cabinet Committee on Atlantic City, housing in this area is of great concern to me and to the Commission. The rebirth of Atlantic City can only be accomplished if the people of Atlantic City have decent homes in which to live. (Applause) I see several basic housing needs for this area. I would like to outline them to you, discuss some of the things presently being done, and offer a few concrete suggestions to your Commission for action.

The need for housing in Atlantic City is acute. Much of the present housing stock is old and substandard. The provision of safe and sanitary shelter, both through the provision of new units and through the rehabilitation of existing units, is of paramount importance to the future of the area and to the future of its many senior citizens and lower income households. The particular need for low to moderate income housing in this area is well documented. The question I raise is, why has this needed housing not been built? Although there are projects in various stages of proposal, both for new units and for rehabilitation of existing units, no substantial residential construction has begun.

I see as two of the most critical problems in this area land availability and relocation capability. Atlantic City has limited land resources. I am told that there are only about four square miles of developable land in the City. With dawning of the casino gaming era has come a rapid increase in real estate values in the Atlantic City area. This fact compounds the housing problem, particularly with regard to low to moderate income and senior citizen housing. This type of housing simply would not be built in a free enterprise system under these conditions. Subsidies are necessary at all levels. Cooperation among federal, state, county and local governmental agencies and government and private sources is essential if these housing needs are to be met.

In recognition of the need to coordinate the efforts of the various departments of the State Government which have jurisdiction in Atlantic City, Governor Byrne last year established the Governor's Cabinet Committee in Atlantic City. The primary purpose of the Cabinet Committee is to give direction to these

efforts. When the Governor asked me to chair this Cabinet Committee, my first task was to assess the needs of the Atlantic City area. It was immediately apparent that housing was a high priority matter, so a subcommittee was formed to study the housing situation. As a result of this study, the Cabinet Committee made several recommendations to the City of Atlantic City for incorporation into its master plan. These recommendations included suggestions that the master plan should identify specific housing needs of current and prospective residents. Specified goals and objectives with regard to increasing the housing supply and rehabilitating existing units: Preserve existing neighborhoods where feasible, provide for the elimination of discrimination in housing, address the problems of relocation, estimate the number, distribution, and density of new units which will be required, and address the timing and relocation considerations associated with any rezoning of present residential areas for resort hotel use. All of these recommendations are being considered for incorporation into the master plan, and we are hopeful that they will be meaningfully addressed.

The Cabinet Committee has also been instrumental in securing a written commitment from HUD for the 750 Section 8 subsidized housing units which have previously been promised to Governor Byrne by President Carter. The Cabinet Committee will continue to coordinate the efforts of State Government in the Atlantic City area and will serve as a catalyst to stimulate action with regard to housing as well as transportation, employment, and other social services.

The Casino Control Act enacted by the Legislature exactly fourteen months ago invests the Casino Control Commission with certain powers which are relevant to the housing needs of the Atlantic City area. The legislative policy section of this statute indicates that legalized casino gaming was approved as a unique tool of urban redevelopment for Atlantic City. The idea is to use this tool to facilitate the redevelopment of existing blighted areas and to attract new investment capital to the area. As the agency charged with the responsibility of licensing casinos, the Casino Control Commission must consider the suitability of each casino and its related facilities. Each applicant for a casino license must establish the qualifications of the facility in which the casino is to be located.

Specifically, the law provides that each applicant must produce such information, documentation, and assurances to establish, to the satisfaction of the Casino Control Commission, the suitability of the casino and related facilities, and that the proposal will not adversely affect overall environmental conditions. Each applicant must submit an impact statement which shall include architectural and site plans which establish that the proposed facilities comply in all respects to the requirements of the Casino Control Act, of the master plan, and zoning ordinances of Atlantic City and of the Coastal Area Facility Review Act. Each applicant must also submit an analysis of the effect of the proposed casino hotel on the overall environment, including, without limitation, the economic, social, demographic and competitive conditions as well as the natural resources of Atlantic City and the State of New Jersey.

Thus, the law specifies that in determining whether or not to grant a license to operate a casino hotel, the Casino Control Commission must consider the impact which that casino hotel complex will have on the physical and human environment of the area. A vital part of that consideration is the impact which that casino hotel complex will have on the housing market. Each casino hotel, which must have a minimum of five hundred sleeping units, plus large amounts of indoor

public space for meetings and exhibitions and dining, entertainment and sports facilities, will employ in excess of two thousand persons. While the vast majority of the new jobs created will be filled by local and regional residents, it is inevitable that new residents will be attracted to the area from other parts of the State and beyond. This will increase the need for new housing units to be built, and for existing units to be rehabilitated. If the Casino Control Commission finds that a given proposed casino project will have a significant adverse impact on the housing market of the Atlantic City area, it may consider this as a factor in its licensing decision. In such cases, the Commission has the power to deny a casino license or to condition the granting of a casino license upon the applicant's taking of such steps to alleviate the adverse impact on the housing market as the Commission deems appropriate and necessary.

As Chairman of the Casino Control Commission, I want to assure you that we view the question of adequate housing as one of paramount importance, and we shall give housing considerations great weight in our licensing decisions. Additionally, the Casino Control Act imposes special taxes on casino licenses. One section of the Act provides for a potential 2% alternative investment tax. After the third tax year, if gross revenues exceed the casinolicensees' cumulative investments, the operator is obliged to make investments not less than 2% of gross revenues within the next five years. If the operator fails in this obligation, the 2% amount must be paid as additional gross revenue tax. Under the law, any such investment, required by the operator's third through seventh annual return, must be made in Atlantic City. Thereafter at least 50% of such required investments must be made in any other municipality of the State.

The potential assistance of the 2% alternative tax for the housing problems of Atlantic City arises with the Commission's authority over the required investments and cumulative investments. The Act provides that on any such investments it must obtain an eligibility determination from the Commission. Specifically, the law requires that Commission to consider the public interest, including the social and economic benefits from the investment. Moreover, the law defines both investments and cumulative investments in terms of real property and real property improvements. Thus, a casino licensee, who intends to avoid payment of the 2% alternative tax, must obtain Commission approval of its investments in order to have them counted. In its review of a proposed investment, the Commission will, of course, consider the needs of the Atlantic City Region and the implementation of this City's master plan.

The housing problem would certainly be one area of concern in assessing investment eligibility. Additionally, under the law a casino licensee who locates his casino hotel in a blighted area, or an area endangered by blight, may enter into an agreement with the State Department of the Treasury whereby the casino hotel facility would receive potentially favorable real estate tax treatment. However, during the term of such an agreement, if the profits for a given year exceed 20% of the licensee's cumulative investments in Atlantic City, the licensee is obliged to place 50% of that excess in a special retention account maintained by the Treasurer. In order to recapture any amount so deposited, the licensee must, within five years, have cumulative investments in Atlantic City which total more than the licensee's average annual gross income from Atlantic City for the tax year, and the two preceding years. However, the licensee will automatically

be entitled to recapture his excess profit if his annual gross income for three years falls below its cumulative investments in the State.

The purpose of these provisions in the law is to encourage development of areas in need of renewal by providing a potential real estate tax incentive, while at the same time preventing a participating casino licensee from realizing unconscionable high returns. As with the 2% investment liability, the Commission would be able to monitor and divide such investments pursuant to its eligibility determination criteria. The Casino Control Commission intends to utilize both the licensing provisions and the taxation provisions of the Casino Control Act to provide the casino industry with the necessary incentives to insure that the housing needs of the Atlantic City area are met.

Housing is not a problem of Atlantic City alone. Some of the responsibilities for planning and for providing housing opportunity rests with the surrounding region. The amount of developable land in which new housing can be provided in Atlantic City is limited. Not all of the existing housing can be rehabilitative. A regional impetus - and I note the other speakers have indicated that as well - must be created in order to provide a long-range answer to Atlantic City's housing situation. The problem of land availability which is made more severe by escalating real estate values may be alleviated by a program of land banking. I recommend that the legislature consider appropriating funds to enable Atlantic City to acquire sites which could then be transferred at reduced costs, or at no cost, to the Atlantic City Housing Authority. The Housing Authority could then see to it that this land is used to develop housing for senior citizens and low and moderate income families.

The Legislature should also consider appropriating funds to pay for relocation costs and services. This would facilitate the rehabilitation of existing occupied facilities and relieve some of the problems of the displacement caused by casino related activity.

In conclusion, I call upon all the governmental agencies involved to join forces in a spirit of cooperation to work together with private enterprise to act now, so that housing construction can begin this summer. The people of Atlantic City have already waited too long. (Applause)

ASSEMBLYMAN GORMLEY: Any questions?

ASSEMBLYMAN OLSZOWY: I would like to have a printed copy of your statement, so I can study it. Basically, you have said the Legislature should set up funds. Now, Commissioner, you know that in the Legislature it is all parochialism. Everybody wants to take care of his own area. I am happy to say that Mr. Shapiro and I both supported Mr. Perskie and Mr. Kupperman two years ago on everything that Atlantic City needed, and this year we are supporting Mr. Gormley and Mr. Matthews in everything they are asking for. We are two people who have supported Atlantic City 100%.

But, when you are going to come and ask for money from the State, I am afraid you are going to have the Legislature say, what is good for Atlantic City is good for Newark and for Camden. So, unless we can find out where that money is going to come from to acquire the land, we are going to have a problem. I would like to tell the people here, so they will not go back home with high hopes that the Legislators want to buy land and set up a land bank.

COMMISSIONER LORDI: I think you are right, except that the problem in Atlantic City is unique. It is a small urbanized community. There is very little

land here that can be used for subsidized housing, low and moderate income housing. So, it may very well be that other municipalities and other townships throughout the State have the same unique problem that we have had here in Atlantic City. And it may well be that you will have to look at those municipalities and townships as well. But we have to identify the problem. It is obvious that the City does not have the monies to really establish a meaningful land bank, and it would seem to me that if that money can be found, it should be.

ASSEMBLYMAN OLSZOWY: I am not trying to pump sunshine into anybody's heart here, but, if it would help Atlantic City, I think, as a resort area this helps the entire state. And I told Mr. Gormley when he came to Trenton that I would stick my neck out in my own district to be of assistance to him to help make Atlantic City go, both ways, with the casinos, with housing, with transportation, and making it one of the nicest and finest cities on the east coast--- (Applause) And I will stick to that.

COMMISSIONER LORDI: May I make this observation? With respect to the Casino Control Act, it would seem to me that the Legislature had great foresight. I just identified three areas in which they had given to the Casino Control Commission the power to deal with this problem of housing, transportation, and other social needs in Atlantic City. With the 2% alternative investment tax, and with the in lieu of property tax credits, and with, of course, the jurisdiction that we have over the human element of Atlantic City as it relates to an application for a casino license, I would think that there are ways that the Casino Control Commission can help with these problems. Unfortunately, we can't help them immediately, but I dare say, given a little time, the casino industry will address itself, through the Commission, to many of these problems. I note, too, if I might make this observation, that a suggestion may have been made that if we don't resolve these problems of housing, providing housing for people that might be displaced, or keeping them in their present location, that we ought to do away with casino gambling. Well, I don't think that is the answer. I don't think we want to go back; I think we want to go forward. I think we ought to look at the plus side of casino gambling. It is only in its infancy. And, yet, we have created a substantial number of jobs that were not there before the first casino opened up. As of the present time, there is a substantial sum of money in the casino revenue fund, which monies have been appropriated for senior citizens and eligible disabled residents in New Jersey to help, as I understand it, to reduce mortgages, rentals, and utilities and the like.

So, here again, the Legislature has had the foresight to look ahead. There are many benefits that are going to flow from casino gambling. We just have to make sure that the people of Atlantic City are recognized as people and as human beings, and see that we can protect their rights.

ASSEMBLYMAN SHAPIRO: Commissioner, in terms of the land bank that you are proposing or that you are suggesting that we propose to the Legislature, do you see an obstacle to the Atlantic City Housing Authority using its own bonding powers to acquire land? It couldn't do that itself? Granted, it doesn't have the resources on hand at this point, but it does have bonding power.

COMMISSIONER LORDI: I am afraid I don't have the expertise to answer your question. I do know this: There have been problems in the past when the city has put the land out for bidding; the price of the land has been such that the private developer who purchased that land could not now build the kind of housing

that was contemplated. But, by transferring the property to the Housing Authority, we are insured that that property will be used for low and moderate income housing. But, whether or not they can do what you have suggested, I am afraid I can't answer that.

ASSEMBLYMAN SHAPIRO: In terms, also, of the City's fiscal capacity, with the growth in values, there should obviously be a corresponding growth in assessments, and a corresponding growth in property tax revenues - and maybe I should have addressed this question to the Mayor - but, has this indeed taken place, as far as you know, and is this providing the City with any greater ability itself to help finance some of these pressing social needs?

COMMISSIONER LORDI: As of this moment, I don't know whether or not it has reflected itself in the increase in taxes and the like. But, would there not be a problem with the capital in a situation of that kind?

ASSEMBLYMAN SHAPIRO: Not if it is due to growth and assessments. In fact, it would be exempt in that case.

COMMISSIONER LORDI: Well, I have no doubt that given time there will be an increase, and it may very well be that some of those funds can be used for that purpose. The problem, however, is an immediate one, because, as you know, there is a great deal of land speculation taking place here, and with the advent of casino gambling, the price of developable land is going up. Unless the City acquires that land now, or the Housing Authority, and uses it for the purposes of these hearings, we may not have an opportunity to purchase it again.

ASSEMBLYMAN GORMLEY: First of all, I am very happy you were able to make the hearing. I think people were very glad to hear your interpretation of the Casino Control Act, in that you feel it is more than just a casino document; it is a social document.

I am concerned with regard to the master plan. You have already heard testimony from the City Commissioner that the master plan is not yet out. I know that your Commission will be reviewing the master plan for the City of Atlantic City. What I am curious about is if you had a circumstance where there is not even a request for a license, but a situation where the Commission reviews this master plan and would give a warning ahead of time to the City of Atlantic City. In other words, you would say, we have looked at your master plan, but we will never grant a casino license in a particular area, or in a particular section. In other words, I would like to see it be fair for both sides of the street.

For example, if you see a serious social impact in an area in which you would probably not grant a license, I think that a developer deserves a chance to know that down the pike it wouldn't be approved by the Commission. I think they should know ahead of time. I mean, it is a two-way street. Will this master plan be reviewed with that thought in mind, or will there be suggestions made, in effect, saying, you might have zoned this casino, but we want you to know ahead of time we will take a short-sighted view of giving a license in that particular area.

COMMISSIONER LORDI: Well, Assemblyman Gormley, I confess that I have not addressed myself to a question such as that. But, there is no doubt that the Commission will speak out on the master plan once it has been made public, as will the Cabinet Committee on Atlantic City suggest their views. As to whether or not we will disagree with the master plan if in fact it has zoned a particular area for casinos, and we are of the opinion that it should not, we may very well speak out. I can't speak for the other Commissioners, but I would think that it should be the

responsibility of, if not the Commission, itself, Commission members to speak out in a matter of this importance, so that the future investors are aware of their thinking and their attitude and their philosophy. I think, though, that you will find that you will probably get more of a reaction to the master plan from the Cabinet Committee than from the Commission, except on an individual basis.

ASSEMBLYMAN GORMLEY: Well, I am thinking of a situation wherein you have an investor come in and, based upon the zoning at that time, the investor would purchase a piece of property and assume that he could get a license, but then realize the social impact later. I am just talking about a forewarning, by the Commission, of this nature.

COMMISSIONER LORDI: Well, I think the forewarning, as I put in my statement, is this: We must take into consideration the human element, and housing, unemployment, transportation are all a part of it, and I would think that before the Commission would grant a casino license, we would make sure what the impact will be in these social aspects.

ASSEMBLYMAN GORMLEY: Commissioner, I want to thank you very much for your time today. (Applause)

COMMISSIONER LORDI: Thank you for inviting me. Our next witness is Assemblyman Matthews.

A S S E M B L Y M A N M I C H A E L J. M A T T H E W S: What I will try to do is speak around what some of the other witnesses have said since most of them have more expertise than I have in the area.

The three things I would like to talk about are low-cost housing, relocation and rehabilitation. One thing that I don't believe was addressed today was that there are people who are going to sell their property for many reasons. With some of the large money interests that are coming in, they may well take advantage of some of our people. I think there should be some effort made to protect people who may be subjected to selling their property - some kind of a cooperative thing. We should provide some sort of leadership in this respect because I think the sophisticated money interests are going to use neighbor against neighbor for their own gains. We ought to be very careful of that.

With regard to relocation, I feel we need more cooperation between the municipality of Atlantic City and the other municipalities. I read last week where I believe it was Commissioner Colanzi said that there is some disagreement, that the other 22 municipalities don't like Atlantic City, etc., and the only time Atlantic City is heard from is at budget time and then they don't want to pay their share of the budget. This is the kind of connotation that is given to Atlantic City. Now with relocation, cooperation with the other municipalities is going to be needed. I feel there should be much more interplay between the communities, especially communities such as Pleasantville, Egg Harbor Township, and Galloway Township, which are the primary places for people to relocate.

As to low-cost housing, Frank Pendergast had an excellent article on this. He brought up the question: How many people are we actually speaking about? There were some statistics given. When the master plan comes out Monday, I guess we will get more statistics. But how many people are we talking about? How much low-cost housing must be provided? How many can we provide? We need to find out how many people will have to be relocated and then we will have to find a solution for that situation.

Rehabilitation was also discussed here today. There are some plans that have not worked before. I am thinking of the VIP program which had some problems. We have to look into the various plans and make sure that these plans are not going to be utilized by people for their own private gain; for instance, fix up a house and sell it for much more than it is worth, taking advantage of the tax breaks and incentives.

One thing that distressed me about the comments made this morning is that everyone talked about low-cost housing, but no one has talked about any business to complement casino gambling. When we talk about rehabilitation, we should be asking how some of these people are going to survive. It is fine to provide low-cost housing, but there are other essentials of life, such as food and clothing. How are people going to survive here? I feel that inflation will be greater in this area than in some of the outlying municipalities.

These are some of the things about which I am concerned. But I think, in summary, that defining the problem will be an invaluable help in solving it. There has been a lot of discussion and will be more about this situation. But what are the real nitty-gritty problems. Peter asked a question I would like to ask, and that is: Why is Atlantic City being turned down for different things? How can we circumvent that? Let's make a concerted effort to get to

the heart of the problem. Commissioner Lordi talked about the Casino Control Act. Some of the things he mentioned will take time to accomplish. We have to take the initiative ourselves. I look upon your subcommittee as an excellent vehicle. Systematically, we are going to have to define our problem in great detail so everyone recognizes it. Synergistically, we can all solve it.

Thank you very much for your attention. (Applause)

ASSEMBLYMAN GORMLEY: Thank you.

County Executive Chuck Worthington.

C H A R L E S D. W O R T H I N G T O N: Assemblyman Gormley, it is so nice to see you in Atlantic County for a change. I know you are spending an inordinate amount of time in Trenton, but I am really happy to see you here. The last time I saw you was on a road in Hammonton.

ASSEMBLYMAN GORMLEY: That's right. He is baiting me now.

MR. WORTHINGTON: Gentlemen, I am Charles D. Worthington. I am the County Executive of Atlantic County.

I listened with great interest to the statements that Commissioner Lordi made and I think the people here could be happy about many things he said. I know in the housing hearings that you have been involved with recently, Assemblymen, you have heard people in Atlantic City who are afraid of immediate relocation. He indicated that the law has already passed and is in effect with regard to the Casino Control Commission and it can provide an immediate solution to some of the senior citizen housing problems.

You have heard testimony from the Mayor and Commissioner Hollingsworth that dealt directly with the kinds of problems that the people in this urban area of Atlantic City are having. I would like to broaden the discussion and talk about some national urban issues and statewide urban issues. I would like to make some suggestions which I would like your Commission to bring before the Legislature for consideration and adoption. They are some innovative and novel approaches that I believe can help the urban communities across the board. All of you know that New Jersey is the most highly urbanized state in the country and probably one of the most highly urbanized areas in the entire world.

In March, when President Carter released his long-awaited urban policy initiatives, he proclaimed that it is in our national interest not only to save our cities and urban communities, but also to strengthen them and make them more attractive places to live and work.

Today we are here to discuss a component of these urban policies, a component which for the most part has become a more pressing concern to New Jersey, the most highly urbanized state, and to Atlantic County, particularly, since the passage of the 1976 casino referendum.

In a sense, we find ourselves reiterating the federal urban policy initiatives as well as voicing support for the urban housing policies of both the Carter and the Byrne administrations. As you will remember, the Governor in his address made the urban policy the critical problem of his administration. We, in Atlantic County, like other county governments across the nation, have recognized the need for greater federal resources to foster urban economic development. But, for us, the time has come to urge a multi-lateral approach, and combine the efforts of government, lenders and residents of neighborhoods in

both commercial and residential areas. For us, it is critical that we pool our resources to maintain and develop urban communities that serve as real "living environments," and do more than just provide dwelling units.

On the county level, we believe the integrity of the urban center is greatly dependent on its housing strategy, and we have put forth strong efforts aimed at neighborhood stabilization. Through the years, these county efforts have resulted in a wide range of activities, from offering direct housing services to those in need of counselling, emergency placement, and the assurance of due process in landlord-tenant complaints, to the commitment to hold neighborhoods together by creating four neighborhood nutrition sites to serve as anchors to the community of Atlantic City and eleven of these nutrition sites throughout the county.

Through endeavors such as the Weatherization and Fix-It programs, we have encouraged the preservation and rehabilitation efforts of those who might otherwise be forced to sell their homes. These county services have assisted hundreds of county residents in the past, and are currently being expanded in response to the new pressures being placed on many Atlantic County home-owners.

But an additional county role is serving as a focal point for the activities of other levels of government. County government alone does not have sufficient fiscal or technical resources to solve the problems of our urban areas, but we are certainly committed to do our share.

The Greater Atlantic City area has the opportunity to be the "test-tube" child of urban policy development. The social and economic dynamics associated with the impact of casino gaming are unique and exciting. They offer researchers and specialists of every discipline the chance to observe, measure and determine results of a variety of programmatic approaches in a compressed time frame. In Atlantic City, we have the opportunity to build a model region in five years instead of twenty-five.

We have the opportunity to mix creatively rehabilitation with new development, while at the same time insuring that new urban development occurs adjacent to existing development.

The key to achieving these goals is strong governmental leadership on all levels in attracting large amounts of public and private capital into the development sector.

We urge the State to consciously adopt a policy of leveraging public dollars to bring maximum private investment. In doing so, we suggest the State explore the possibility of developing a financial recycling program similar to the recently adopted Federal Community Re-Investment Act, which requires financial institutions to show that they are meeting the needs of their individual communities. The extent to which banks cooperate could determine which financial institutions would be used as State depositories, and thereby stop the outflow of urban dollars outside the urban centers.

The State of New Jersey should also consider the creation of Housing Assistance Centers, a simple idea with enormous implications. The idea is to streamline and simplify assistance programs by creating a service similar to the highly touted State Division of Business Advocacy.

This "broker" service would be a front office for the public and semi-public agencies active in the housing field, both at the planning and operating levels. The goal is to bring together under one roof, and to make visible all the public

resources now allocated to meeting housing needs. Here the HUD, the FHA, the local housing authorities, planning authorities, commercial developers and welfare officers could all be stationed at a single central housing office, thus eliminating bureaucratic red-tape and providing "one stop shopping" for both the consumer and the developer.

Atlantic County government would like to work with the State in developing this sort of Assistance Center concept, and it could become a model for the rest of the State. The county is the logical level of government to assume this role and we seek, with your help, this opportunity to participate.

The State of New Jersey must allow local governments greater authority to publicly package and control development by strengthening statutes covering land banking and land assembly. A major source of capital for such programs could be the utilization of public pension fund dollars, where feasible and financially prudent.

In addition, the State should consider the use of "variable interest rates," particularly for the young, first-time mortgager, in order to provide better housing choices and to encourage ownership rather than rental.

For senior citizens, there should be a strong "reverse mortgage" considered by the State. These policies would then enable the seniors on a fixed income to remain in their homes by utilizing their homes to provide a later loan whose debt accrues annually to the extent of its worth. It is a reverse mortgage.

All inhabitants would benefit from expanded tax-abatement programs responsive to urban commercial, as well as urban housing stock. The tax revenues deferred by such programs would be more than compensated by the additional investment that such abatement programs would encourage.

In the Atlantic City area where we are just beginning to feel the impact of rapid urbanization, the need for responsible urban housing policies has never been more critical. It is imperative that this Commission consider all possible strategies for the leveraging of public dollars to secure maximum private investment, and to seek innovative approaches to create urban housing communities that will serve as flexible living environments.

Thank you for the opportunity to appear before this august Commission.

ASSEMBLYMAN SHAPIRO: Mr. Worthington, I have one question on the leveraging of resources. You suggest using the money in State depositories and directing it towards those banks which under our State and Federal disclosure statements appear to be investing more in the urban areas. Do you think that this is something that could be done also by local governments?

MR. WORTHINGTON: I think so, yes. It most certainly could be. In fact, certain communities are doing that. I know that in this county we had an opportunity to help one of our municipalities to get an EDA loan, a matching loan, for the establishment of an industrial park complex. In order to do that, they had to go out and raise a million dollars from the banking community. Some of the banks did not participate and would not participate. I think the banks that did, and particularly the banks that became the lead banks, certainly should be the banks where we invest our county dollars as depositories - and we so moved. We have done that. We encourage doing business locally with the banking community that wants to participate in our administrative programs.

ASSEMBLYMAN SHAPIRO: I asked a question earlier of Commissioner Lordi about what expansion of ratables has gone on here in Atlantic City due to the

two factors - additional construction in the city and the rising assessments. Are you seeing a marked rise in the total value of ratables in the city?

MR. WORTHINGTON: Absolutely no, only in the future. As you know, there is a tremendous lag between the time a property is sold and the time that is reflected in increased valuation in the tax rate. So there is at least a two- and sometimes three-year lag. There is also a lag due to perhaps not sufficient staff or the inability to do a comprehensive reassessment periodically. There is an appreciation in price due to speculative buying and the pressure of migration of people with money who now want to settle here and are buying up available housing stock. That certainly is happening and the answer to your question is yes, but there is a time lag and it won't show up in the assessed valuation rolls and be available to city and county governments for possibly three years.

ASSEMBLYMAN SHAPIRO: There were a number of things mentioned this morning about the need to distribute the burden or distribute just the allocation of low- and moderate-income housing more equitably throughout other towns in the county. I was wondering what your thoughts are on that, what the obstacles are to it and whether it would be worthwhile for us to direct some attention toward that area?

MR. WORTHINGTON: The obstacles to it are very, very apparent to you who are in the Assembly. Involved is the concept of home rule and who has the zoning power. As you know, county governments traditionally have had absolutely no powers in either allocation or enforcing of allocation. The State, itself, has only started to get into this program over the last couple of years. They have taken a rather timorous approach through Community Affairs. But if you want to do it---and I think it is coming and I believe part of the HUD 701 grants are loaded in that direction, although it is not explicit yet. These planning grants are going to force that on the 701 participants. Frankly, if you take a look at the number of county governments that are participating in 701 grants, I think you will find there are only one or two counties doing it because of the impending kind of regulation that HUD is going to spring. I think a lot of people are staying away from it and allowing the greater regional bodies like the DVRPC and those multi-county regional units to get involved in that. But we are moving in that direction. We have a 701 grant. We are doing our housing allocation. We will probably do it on a sub-regional basis initially. But there is a lot of work that the Feds and the State government could do. It is a ticklish problem and it is a politically loaded and sensitive question. I don't know what you gentlemen care to do with that.

ASSEMBLYMAN SHAPIRO: Thank you.

ASSEMBLYMAN OLSZOWY: Mr. Worthington, in your statement you said that for us it is critical that we pool our resources to maintain and develop urban communities that serve as living environments, and do more than just provide dwelling units.

With that in mind, I have to reflect on a seminar I attended yesterday. We were addressed by Michael S. Koleda, who was the Director of the White House Conference on Balanced National Growth and Economic Development. In this seminar, he indicated the responsibilities of suburbia whereby some communities must take their responsibility of housing. Then he alluded to the San Antonio project where they annexed the small communities around San Antonio. During this conference, I threw out a thought - and I would like to throw it out to you inasmuch as you are the County Executive. Based upon the geographic - and I stress the word "geographic" -

location of an urban community, nobody has ever looked into partitioning that community where the smaller communities would take portions of it and abolish that entire urban community. Did you ever look at the possibility of saving dollars by doing that - the reverse, something like reverse mortgaging?

MR. WORTHINGTON: No, it is not the opposite of reverse mortgaging. Reverse mortgaging has to do with the single property owner. I think what you are talking about is the annexation of what traditionally would be the urban center sprawling out and annexing the surrounding communities, such as Los Angeles did, which is probably the greatest example of that. It was a small community and then it annexed and annexed and now it is one of the largest cities in the world due to the annexation process. What you are talking about is doing the opposite and having the suburban communities all take a piece of the pie. Part of the problem is that this is an island community and it is not contiguous to any place else, except one community next to it, which is Ventnor.

ASSEMBLYMAN OLSZOWY: I stressed the geographic location twice. You cannot use it in Atlantic City because King Neptune doesn't want a part of it either.

MR. WORTHINGTON: I don't think that that is realistic. I don't think it would work here. And I don't think it is politically compatible with what the outlying communities are interested in.

ASSEMBLYMAN OLSZOWY: We on the State level have to consider every community, not only Atlantic City.

MR. WORTHINGTON: I don't think you on the State level have the authority to force that kind of a concept ---

ASSEMBLYMAN OLSZOWY: We are not thinking of forcing it. We would like to discuss it.

MR. WORTHINGTON: --- the annexing or the reverse of it. So I think we have to deal with what you on the State level can do. I think that there are certain things that you can do and certain programs that you ought to be getting involved in to help solve the urban housing need across the board. I mentioned a few of the programs. Everything that I mentioned, I think, is certainly within your ability to accomplish.

ASSEMBLYMAN OLSZOWY: We will try it.

MR. WORTHINGTON: I hope you do.

ASSEMBLYMAN GORMLEY: Chuck, thank you very much. We appreciate your testimony.

MR. WORTHINGTON: Thank you particularly for bringing this august Commission down here and giving the local officials and the public an opportunity to participate in the very important work that your Commission is involved in. Thank you. (Applause.)

ASSEMBLYMAN GORMLEY: The next speaker will be Seymour Pinky Kravitz. (Applause.)

Pinky, I was just telling my colleagues that three hours a night you have a commission hearing on housing.

S E Y M O U R K R A V I T Z: I am happy to have the opportunity to come and share some of those experiences with you.

First, let me thank you, Assemblyman Gormley, as others have done, for bringing this Commission down to where the heart of the problem is and for

getting involvement of our State government in our problem and a problem that affects other people than just we who are in this particular region of the State.

Assemblyman Shapiro asked a question and nobody really answered his question yet. He asked the question of two different people and I would like to give him a layman's answer to that question.

The City of Atlantic City has a confiscatory tax rate. The City of Atlantic City has one of the highest tax rates in the State of New Jersey. When casino gambling was proposed and all the development was supposed to come in, the immediate reaction was a promise that there would be an alleviation of this confiscatory rate. So the first thing that should happen is that people who live within the City of Atlantic City and have to pay this high rate should receive some relief. I know you are angling to the point of saying, "Well, those moneys can be used for other projects." But there are people who have been sweating blood, borrowing and doing everything possible to stay where they are.

So I think the first thing that has to happen so far as the tax rate is concerned is that it has to come down to a level people can live with and be one that will encourage developers to come into Atlantic City. Before casino gambling, we couldn't get anybody to come do anything in Atlantic City. One of the reasons was the tax rate.

To directly answer your question, it will not be affecting anybody in Atlantic City for a considerable period of time, not for at least a couple of years, in addition to which there should be a tax cut before those moneys are used to develop anything else. I know you have the problem of deciding which way to go. Do you take care of the housing? Do you cut the tax rate? What do you do? I think one will help the other. I think when the tax rate goes down, developers will start to come in.

There is one problem we face and I am sure it is the same in other urban communities. This bill has been passed for a year and a half or a year and nine months, however long it has been. There has not been one person that has walked up and said, "We are going to build high-rise apartments in Atlantic City." I am not talking about low-income or moderate-income housing. I am talking about a high-rise apartment building. We have a couple of them here in Atlantic City. You cannot get an apartment in any one of these high-risers that are high-priced. I don't understand - and this is a question that I think you gentlemen are going to have to look at - why it is that no developer will come into a city like this where there is such demand. We operate in the capitalistic system on supply and demand. Why is it that with such tremendous demand there has been no developer who has yet come forth and said, "We are going to try to meet and provide you with some supply to handle that demand"? We don't have anybody who has come forth.

I would like to take you gentlemen back - and I guess you would be more conversant with this than I - to the campaign Governor Byrne waged to become the Governor of the State of New Jersey. There was a big political hurrah when the President of the United States came into New Jersey. You might well remember that. One of the things that happened at that time was that the President stood up and Governor Byrne after a conference with the President said, "We are going to provide two thousand housing units for the City of Atlantic City." That was a promise, gentlemen, that was made better than a year ago. The Governor in his Inaugural Address said, "We are going to make the urban communities our number one responsibility.

We are going to assist them."

You know it is nice to have Commissioner Lordi come in and tell us what the Casino Control Commission has the authority to do. It is nice to know that we are going to have that 2 percent that they must reinvest. But are you aware that that 2 percent does not come into the community for at least three years? It happens in the fourth year. So what are we talking about? We are talking about three years hence, after the four years when that money will become available. So those moneys aren't going to be here for awhile and the problem is now and during the three years ahead of us. This is the time that we need you gentlemen to direct us and provide your input and expertise to help us in any way you can.

You go back and ask the Governor, "Where is this?" They have a big cabinet staff. But has anybody come up yet with the first bit of housing. There has not been one house, not one apartment, nothing whatsoever, in this better than a year since the promise was made that the federal government was going to provide us with money for two thousand units. That is something to which you might address yourself. You might take that little statement and go back to the Governor and the federal government and say, "Here is a promise made by the President of the United States. Why is it that the City of Atlantic City cannot get this type of help?" This is the kind of thing that I think is something you gentlemen should look into.

There was another area that was raised by Assemblyman Gormley when he asked Commissioner Lordi about the developers. Do you tell a developer beforehand that where he plans to go is in an area that is not right? You asked this question and he said he could not answer it. I would like to give you an answer because I will fight like hell and I hope the other people in the community will because we are talking about a master plan that is forthcoming. You have seen the preliminary of the master plan. You have noted in the master plan that casinos are to be located from Pacific Avenue to the Boardwalk down to Connecticut Avenue; and from Connecticut Avenue, from Oriental to the Boardwalk to Maine. Am I right? Are you conversant with that?

ASSEMBLYMAN GORMLEY: I saw the tentative plan. You are talking about ---

MR. KRAVITZ: I am talking about the original proposal that was made by Mr. Demetrick when he stood up at the Convention Hall and he said ---

ASSEMBLYMAN GORMLEY: It ended at the urban tract.

MR. KRAVITZ: That's right. He said that this will be for casino development in addition to out at Huron Avenue and that area. But as far as beach-front is concerned, they said, "This is the area that will be used for casino development. Do you recall that? Pacific Avenue is the cutoff.

ASSEMBLYMAN GORMLEY: That's correct.

MR. KRAVITZ: You may have noticed within the last couple of weeks a story that has been in the newspaper about a group from Las Vegas - the Holiday Inn out in Las Vegas and some other people - that is getting together. Where is their proposal? Their proposal is in the uptown urban renewal area that is between Atlantic and Pacific, between New Jersey and Delaware. That is one whole block in that urban renewal area that right now, according to the preliminary master plan is zoned out of the casino area. This is something to which I feel you should be addressing yourself. My thinking is that immediately the Mayor, the Commissioners, the Casino Control Commission and everyone else should have stood up and said,

"Gentlemen, right now, according to the master plan, that is not zoned for casino development." That urban renewal area was sold on the basis that it would be redeveloped. The people from Resorts International said, "We are going to take this area. We are going to put in a brand new hotel. We have hired Mr. John Portman." They brought Mr. Portman into this area. He is one of the finest architects in the country. Mr. Portman is supposed to be working on a city within a city. Housing was to be developed, not low-cost, not moderate-income housing, but housing was to be provided in that area that would redevelop the area and bring people back into it. What is the first thing you see? They are ready to do business with a group that is going to put a casino in a block that has been zoned for this under urban renewal. There is where I think you should put the pressure on them. (Applause.)

You have not heard any one person come out and stand up against this. I can't understand why, because if you are going to allow this breaking of zoning before we even get the zoning, what is going to happen after this thing is in? (Applause.) Here is what I feel we should go after.

I sit there night after night and hear the plights of people. It has been brought to a head right now with the Ritz Apartments and the developing that is going to take place there. It shows that we have just been sitting by and waiting for somebody to do something. I am glad Assemblyman Gormley got you gentlemen to come down here and take a look at our problem. But our urban problem is no different from the urban problems in Camden, Trenton and Newark. It is the same thing that is occurring all over. Every state in the country is wondering what to do. The experts don't know what to do. There is a meeting now on at Howard Johnson's in which I guess some of you are involved, having to do with state government. They are facing the same situation. No one has an answer.

As was stated, Atlantic City can become a model. We are a little different. We are a small area. But we also must include the outlying areas as well. Responsibility must be not just here.

I did a reverse talk show with a group from a radio station down in Florida on Friday night. I was on his show in Florida and he was on my show here. One of the questions asked by the host down there was: What is the ripple effect? Well, the ripple effect from casinogambling isn't restricted to Atlantic City. It has affected this whole county. Take the increase of rates -- and this is what I told them down there they are going to have to face. People are worried about that just in that casino area down there. That's not it. They are going to have to worry about that down in South Miami, Miami Beach, and other areas. The thing that has to be faced is the ripple effect that has caused an increase in rents in our mainland communities. In the paper yesterday there was a story about a man who is going to develop thirty miles away from here 600 units. It will be a bedroom community to Atlantic City. My gosh, we have been a bedroom community for everybody else. All of a sudden, we have bedroom communities for us; and we don't even have any bedrooms. This is the problem we face.

There was one other area that I wanted to stress. In the development of the wetlands, they talked to us about what wetlands we can use and what we can't use. It is a big question. You gentlemen are not familiar with it. Assemblyman Gormley is. There is an area that is now termed wetlands. It is located in Chelsea Heights

between Richmond Avenue, which is as far as Chelsea Heights goes, and Jackson Avenue, which is on the borderline of Atlantic City. Up to Jackson Avenue in Ventnor, the area is all developed. And up to Richmond Avenue in Atlantic City, the area is all developed. That is area that should be filled and developed. It could accommodate housing. They talked about locating the high school there. It could be used for something. That to me is not wetland area. I don't know the definition as far as the State is concerned, but I think you gentlemen have to put pressure on to get a clear definition. What is a wetland area specifically? Here you have parcels on both sides of this property that are developed. You have a road on one side and the bay on the other. Are you talking about taking those seven or eight blocks and saying, "You can't use this," when you have development on both sides of it?

We need you gentlemen and this Commission to make the CAFRA group and the Environmental Department stand up and say, "Here is a definition; here is where you can go. Go and take that area." I think if that area were set, we could then alleviate some of the problems we now face.

Gentlemen, I must stress that we need things now, we needed them yesterday; and whatever help you can give us, we will be grateful for. Thank you. (Applause.)

ASSEMBLYMAN OLSZOWY: Pinky, I am sure we could be some help to you on the Wetlands Act; but in so far as the planning in reference to the zone you were talking about, that is a local issue.

MR. KRAVITZ: I know it is. I just brought it up because I thought we could at least focus some attention on it here that it is not going to get anywhere else.

ASSEMBLYMAN OLSZOWY: Because I am an advocate of home rule and for me to step into another community and suggest something when I advocate home rule for my own community, I think would be out of order. But we could possibly do something with the Wetlands Act if we had more information. If Mr. Gormley brings it down to Trenton, I will be glad to work with him on it.

ASSEMBLYMAN GORMLEY: Thank you very much, Pinky.

Rabbi Krauss will be our next witness. Rabbi, I appreciate your coming today. I realize you have had a little bit of a wait, but we have a long list of speakers.

R A B B I A A R O N K R A U S S: I would like to thank you very much for this opportunity.

You have heard a comprehensive exposition with respect to the Atlantic City housing situation and its problems. I think they have been copiously expressed here today.

I would like to limit my remarks to the problems of senior citizens, specifically senior citizens, although my interest transcends that area of concern.

First, I believe it is possible in the future to provide senior citizen housing, a good quality housing mix - I mean a mix with respect to income and with respect to socio-economic background - near the resort activities. At the present time we get the impression that there is an unplanned situation. A lot of heralded plans have been promulgated but nothing specific has come up, and we have some immediate problems developing.

I, personally, have spent more than 12 years in trying to bring to the city some housing which we now call Community Haven. It involved 12 years of frustrating disappointment, but finally we put the building up. There is a very long waiting list for this building, just as there is for a building put up a few years earlier.

called The Best of Life.

I would like to see more such units put up as soon as possible. We have had the experience of dealing with these units and we know what some of the problems might be. We were not idle. We contacted Resorts International to see if we could have land in the urban renewal area, the land referred to by Pinky Kravitz just a few moments ago. And we were told that the area is under litigation. I wish to amplify what Pinky said with respect to our dilemma because of lack of planning, and the problems resulting therefrom.

Pinky referred to the proposed development of a casino north of Pacific Avenue on land which presumably is under litigation. So these are the other problems relating to planning which were involved in this proposed casino north of Pacific Avenue on urban renewal land. This is precisely the area, part of which we feel can be used for the development of senior citizen projects. I wish to amplify this a little bit more by saying that it is possible to put up senior citizen units on top of commercial activities, namely, air rights.

You see, senior citizens, like the rest of us, need security, but their resilience has been somewhat depleted. They need the security that comes from being near the action. They can't be put up somewhere far away from the boardwalk. You hear of proposals for senior citizen buildings to be put up 6, 7, 8, 10 or 12 blocks away from the boardwalk, as far away as you can build on Absecon Island. Other suggested senior citizen projects are for offshore, far away. That might be feasible, but what we must concern ourselves with is the possibility of providing facilities for people who need them. There are people who are being disturbed emotionally and physically. They are dying prematurely because of the housing problem in Atlantic City.

On a daily basis, I receive phone calls from people who are anxious and crying desperately for this sort of housing. I would like to see this housing put up on urban renewal ground. The synogogue of which I have the honor of serving has sponsored 475 such units. We are prepared to work with any group and to sponsor additional housing, housing to be provided for persons of all racial and religious backgrounds. If it is possible to add to the 267 units and 208 units which we have in the urban renewal area another 300 units, for which we could provide ancillary service and make a kind of community there where they could be near the resort activity, we would be able to have a home for people who desperately need it.

I would also like to solicit your effort in preserving the homes, as long as possible, for those who currently are in the process of being dislocated from the Ritz Apartments and elsewhere here in Atlantic City. (Applause.)

ASSEMBLYMAN GORMLEY: Thank you very much, Rabbi Krauss.

Freeholder Lillian Bryant.

L I L L I A N B R Y A N T: Thank you, Assemblyman Gormley. It is a pleasure to welcome you gentlemen to Atlantic City and Atlantic County.

I am the representative elected from the First Freeholder District of Atlantic County, which encompasses three-quarters of Atlantic City, mostly housing and accommodating the major business area as well as the area that houses all of the minorities and senior citizens. My day-to-day job, aside from my elected position, is Administrator of the Atlantic City Rent Levelling Board Office. So I come in contact with the housing problems of Atlantic City in many different areas. But of primary

concern to us all is that we provide housing of all types to our residents in Atlantic City.

Last night, I got a very distressing call from a very vocal and viable senior citizen advocate who was telling me they have to move out of Atlantic City because of the cost that they would have to pay to provide themselves with housing. They want to be near the boardwalk, as Rabbi Krauss mentioned, so that they can avail themselves of the luxuries that we enjoy here - the sunshine and the salt air.

The Ritz Apartments is our most recent problem. I say to you gentlemen who participated in the passage of the Casino Act, thank you; but I also want to slap your hands because it was the Senate and the Assembly, collectively, that voted for the three-year delay in the reinvestment portion of that Act.

I submitted to the State Treasurer - and shared this with my Assemblyman at that time - a proposal that the reinvestment portion of the bill be earmarked specifically to provide housing for the residents of Atlantic City because we knew we would not have a second chance if we did not have the bill, but we also knew some of the ramifications of it would inflict problems on us. What we need are rental units for various income levels.

I have problems when we talk about HUD subsidized housing because we think while the federal government is offering a helping hand, they also are saying that local rent levelling boards should not have jurisdiction over tenants that live within their facility. Therefore, they, as the landlord manager, can allow increases to any amount they see fit. For some unanswerable reason, the method for allocating the rent or the process that they go through to determine how much a senior citizen or a low-income person should pay for rent cannot be analyzed by even learned accountants.

Last month, I attended the National Association of Counties Convention in Atlanta. I had an opportunity to speak with Secretary Harris. Mr. Kravitz spoke about 2,000 units. I believe it was 750 that were promised us last year by the President through the Governor. I told her of our situation and urged her to visit here so that she could see first hand, not through her regional office, the problems that we are having here in Atlantic City and Atlantic County. She said that she was going to look into reallocating some housing for New Jersey and for Atlantic City and Atlantic County. At that time, I told her I hoped we would be a little more successful than we were with the 750 units, because we have been looking for them since last September and here we are into July and now August, and we haven't realized anything in terms of one single unit.

What we are experiencing is the taking off of the market places such as the Ritz, the President Towers, the Warwick, that house people who have paid their debts to society and who have moved here to continue their lives and enjoy what we have in Atlantic City to offer them.

I not only want to talk about the senior citizens and their plight, but also the minorities and the low-income and moderate-income people.

With respect to the State Housing Finance Agency and CAFRA, there are so many rules and regulations that are set up. You either put something on the lefthand side of the balance sheet or the righthand side of the balance sheet, depending on where you sit as to which side you think it should be on. The Commissioner;

the Mayor; Dr. Maultsey, the planner, told you of repeated attempts to provide housing stock to Atlantic City and either being knocked down on the federal level or the State level. We have to make sure that the laws and the rules and regulations that are set up in various levels of government are not outside of reality, and offer a hand of partnership to those persons to provide them something in the long run. But it certainly is nothing to issue a commitment to provide housing and then set up rules and regulations on the other hand that by no stretch of the imagination would allow you to provide such housing.

The people here today, in the audience as well as those who have spoken to you, live here, by and large, and know on a firsthand basis the need that we have here. Perhaps you should leave the City Commission Chambers and tour the City of Atlantic City. Then you would begin to understand what we are talking about. You might see places that remind you of a bombed-out shelter overseas or parts of Newark where I used to live for about five years.

We have a situation that is unique. Every time I talk to someone, whether it is the Secretary of HUD or the Governor of the State or my Assemblyman or my Senator, I have told them we have to make things happen. We can't say to people, "We want to help you; we want to provide this. But there are certain rules and regulations we have to abide by." I want you to show me how we can develop some of those wetlands to provide the housing that is needed so that Atlantic City will not just be a casino city, but will be here for those of us who have paid our dues.

I am telling you as an elected representative and as a person who was born and raised here, I don't care what casino developer comes in here because I am quite sure there is another developer out there that if they did not have some of the red tape that the State and the federal government have asked them to go through would be here with open arms saying, "I am ready, willing and able to provide you with housing for all income brackets."

I wish the Commission would join with us locally in doing away with all those restrictions in the rules and regulations that are not pertinent and are not realistic, so that we can provide senior citizens, the young, the wealthy and the moderate-income person, as well as the low-income person the opportunity to live in Atlantic City. We are going to live here if we have to live in tents. (Applause.) We will make it so embarrassing to those conceivers of plans, those dreamers, who do not have actual experience, that we are going to run them out and we might end up living in the casinos. (Applause.)

ASSEMBLYMAN SHAPIRO: From what I hear there already are people living in the casinos.

ASSEMBLYMAN GORMLEY: They get evicted at six every morning.

ASSEMBLYMAN OLSZOWY: Your presentation was very informative, very explicit, and right to the point. I have no questions.

MS. BRYANT: Do take the tour of Atlantic City.

ASSEMBLYMAN OLSZOWY: I have been coming here for something like 20 years.

MS. BRYANT: I am quite sure some tenants here will take you to the Ritz.

ASSEMBLYMAN OLSZOWY: It sounds ritzy.

ASSEMBLYMAN GORMLEY: He has to get in with his jokes.

Thank you.

Now, sir, would you please sit down and identify yourself.

LOUIS KALDENOCK: Good afternoon, ladies and gentlemen. My name is Louis Kaldenock. I want to thank the Chairman of this meeting, Assemblyman William L. Gormley, for allowing me to address this Committee.

I have a plan which can help the senior citizens' housing problem. I am speaking specifically of a section in the uptown area between Pacific and Atlantic Avenues.

ASSEMBLYMAN GORMLEY: Excuse me. In order that everyone might better understand what you are talking about, I will go over to the map and point out the particular section. We should have been doing this earlier perhaps.

Are you talking about in the urban renewal site?

MR. KALDENOCK: Between Pacific and Atlantic Avenues and between Maryland and Connecticut Avenues. There are four blocks of ground there.

MEMBER OF AUDIENCE: Where your mother's place was.

ASSEMBLYMAN GORMLEY: No, that was the other funeral parlor. That was my father's cousin's. They always have to make fun of the parlors. It always comes up.

MR. KALDENOCK: The streets are Maryland, New Jersey, Delaware and Connecticut.

ASSEMBLYMAN GORMLEY: They are up in this area of town (indicating on map).

MR. KALDENOCK: They are the blocks I am speaking about. They are all cleared, ready for development. Resorts International owns three of those plots. They are zoned commercial-residential. As Pinky told you, there is a group of investors who are trying to buy one of those blocks for a casino hotel. Now, according to the master plan, this cannot be done unless they are going to start destroying the master plan after spending \$500 thousand to get it because that is what it cost.

ASSEMBLYMAN GORMLEY: It cost more. They had some accelerators in the contract.

MR. KALDENOCK: Well, that is the figure I got and I will stay with that. If the city Commission accepted the master plan of Mr. Demetriou, they should not start hacking it up because, if they do, there won't be anything to it.

I am suggesting a plan for this area. The plan is that Resorts, International Corporation, who has to help the city according to their license of development, sell one of these plots to a developer and put up a high-rise of efficiencies and one-bedroom apartments.

There is at present approximately over 1,000 apartment seekers in Atlantic City. To verify that number, the tenants of the Ritz Apartments, the Park Lane Apartments, the Warwick Apartment, the President Towers Apartments, the Mayflower Apartments, and the Avalon Apartments have to seek new quarters, which is well over the thousand that I quoted. The people living in these apartments are not on welfare. They pay their own way all the way. They have visitors on weekends who are working or in business; and when they come here, they spend money also.

The apartment buildings do not have to be luxury buildings. I am living in Community Haven at 35 South Virginia Avenue. It is a new subsidized building. This building is well planned and is a beautiful building and it could be used as a sample to build others in the same area. This is the building Rabbi Krauss spoke about in the same area. As long as they have reasonable rates, that is all the people ask for.

This could be accomplished within a 24-month period because it is all cleared and ready to go. It would help the citizens to stay in Atlantic City, as was promised before the 1976 election.

Thank you for this opportunity to let me give you my plan - Louis Kaldenock, Senior Citizen of Atlantic City. (Applause.)

ASSEMBLYMAN OLSZOWY: All I can say is that I am going to take your Mayor's advice and never make a promise I can't keep.

ASSEMBLYMAN GORMLEY: We will have one more gentleman speak and he will be the last speaker for the morning session. We will reconvene at approximately two o'clock.

Sir, will you come up and identify yourself.

P H I L L I P P O L L O C K: My name is Phillip Pollock. I am a resident at the Ritz.

I have been listening all morning and, frankly, I don't envy you. The number of problems and the size of the problems are truly gigantic; obviously, there is no simple solution.

However, since this is a meeting about housing, I would like to add some comments, if I may. There has been talk about other senior citizen homes, etc, etc., which all will take much time. At the present time, while all the various problems are trying to be solved at one and the same time, if you were to permit the residents of the apartment houses that were just named to be put out with nowhere to go, I believe you would be committing an act that would be a variation of arson, that would be building additional bonfires when you already have enough problems now.

Everybody seems to be in agreement that there is no place for them to go. Everybody seems to be in agreement that there is no place available. Yet you would turn them out and substitute a hotel which would have only maybe slightly more rooms for transients than you presently have for the people living in the apartments now. And you would have the additional problem of having all these people to be placed somewhere.

It seems to me that the Legislature should immediately put an amendment to the Gaming Law to exempt the existing apartment buildings from gambling zoning. (Applause.) This would certainly answer Assemblyman Gormley's question about whether or not today it may be, tomorrow it might not be, or vice versa. If they are not available, it would help to reduce the amount of speculation in Atlantic City. They have all talked about the skyrocketing increases in land values and so forth. I believe that the waters would be calmed by saying that the people who have been in Atlantic City and want to remain in Atlantic City should be left alone. The Legislature owes this to them because before the vote they came and promised them that things would be better for them, that taxes would come down and living conditions would be good.

I don't doubt for a moment that all the things that they say gambling will bring in the way of economic growth, etc., etc., will all come. It is not coming tomorrow and it is not coming the next day. To turn all these people out today, tomorrow, or in six months or a year, would be increasing the number of bonfires. And, I, personally, think you have more than your share of those now. I don't see what is to be gained. The only advantage that I can see to it is that the outside money would come in and make money on their money. But the people who are here, who were promised all these good things, would be betrayed; and it not only is morally wrong but it just isn't practical, I don't believe,

politically because these people were here and they should remain here.

I again repeat that the Legislature should immediately pass legislation exempting these apartment buildings from gambling licenses. There is plenty of land out there. They all have options on the land to build. Give them the permits and let them start building. I believe this would be a step in the right direction to get things moving. Thank you very, very much for hearing me out. (Applause.)

ASSEMBLYMAN GORMLEY: There will be some questions; and after that, we will conclude the hearing until two o'clock when we will reconvene.

ASSEMBLYMAN SHAPIRO: Thank you very much. I think your suggestion is along the right lines; it is one with which I sympathize very strongly.

We are going to be hearing this afternoon from representatives from the New Jersey Tenants' organization, which I believe is standing for similar things. I will be waiting to hear what they have to say in this area in particular. I think we do need to protect tenants, particularly in this area, senior citizens as well as other tenants.

What I would like to hear from you in particular is what the living conditions are like in the building where you live, what the rents are, what the property maintenance is like, and whether it is satisfactory or not.

MR. POLLOCK: It is excellent.

ASSEMBLYMAN SHAPIRO: Can you describe it for yourself?

MR. POLLOCK: That is why these people are so emotionally disturbed about leaving.

ASSEMBLYMAN SHAPIRO: What rent do you pay a month?

MR. POLLOCK: Do I personally?

ASSEMBLYMAN SHAPIRO: Yes.

MEMBER OF AUDIENCE: I'll tell you. I live at the Ritz and I pay \$400 a month rent.

MR. POLLOCK: The rents go from about \$250 to \$450, depending on the size of the apartment.

ASSEMBLYMAN SHAPIRO: And the condition of the apartment is decent - it is maintained well? It is repaired properly and everything like that?

MR. POLLOCK: Right. I do not question for a moment the right of the owner to sell the property. There is no question whatsoever about that.

ASSEMBLYMAN SHAPIRO: We are talking about the rights of the tenants here as well. That is very important.

MR. POLLOCK: Right - and I do not believe that these tenants should be displaced to put in gambling casinos.

ASSEMBLYMAN SHAPIRO: Absolutely. I agree with you 100 percent. (Applause.)

ASSEMBLYMAN GORMLEY: I would like to thank everybody for being here this morning. We will reconvene at two o'clock.

(Recess for Lunch)

Afternoon Session

ASSEMBLYMAN GORMLEY: I see everyone is filtering in now; so we will begin. I am sorry for the delay.

I would like to ask Mr. Oscar Harris of the Housing Authority to step forward. Mr. Harris, I would ask you briefly to tell us a little bit about the Housing Authority, itself, for the benefit of the Committee. Then you can go into whatever you wanted to talk about.

O S C A R H A R R I S: Good afternoon.

The Atlantic City Housing Authority is primarily responsible for the management and operation of 1648 units of public housing, as well as the urban redevelopment activities of the city. It provides low-income public housing for more than 5800 residents of our community. That basically is our function.

We welcome the opportunity to appear before you and to offer testimony to your Committee on the impact of casino gambling on housing in Atlantic City. Our housing problem, as we see it, is merely a problem of no housing alternatives. What is meant by "no housing alternatives" is simply that available, decent, safe and sanitary housing does not exist in sufficient numbers within Atlantic City to allow for an exchange or freeing-up of housing units as family economies improve.

The type of housing unit which allows for this exchange or freeing-up to occur is the middle-income rental or sales unit. This does not mean that we should not pursue the development of low-income housing units, however. Our approach should be to avail ourselves of the 750 units of Section 8 housing earmarked for our city, with the lion's share going to the development of family units. There appears to be an inordinate demand for family units as compared to senior citizen units. When examining the application files of our agency as late as yesterday, our records reflect a demand for 1455 family units and 360 senior citizen units. This in no way represents the entire low-income picture of Atlantic City.

Some families and seniors are reluctant to make application, knowing that there exists a tremendous backlog on the Authority's waiting list. But we do know from past experiences that the majority of families waiting to enter public housing reside in substandard or overcrowded units and that seniors do not necessarily reside in substandard units, but desire public housing primarily because of the low-rent structure which directly complements their fixed incomes.

We should not become overzealous in our desire to address the housing needs of our low-income families and senior citizens. Our approach to this problem should be methodical, well thought out, and should fit some overall housing strategy.

What we are saying is that we should proceed with great dispatch with the development of those low-income units which have already been planned. Having accomplished those low-income projects, we should be leery of further low-income developments at this time in our city. Our attention should be focussed on spurring development of middle-income sales and rental units, so our low-income families can have a place to go when their economic status improves.

We need to effect housing alternatives and it is felt that this is best done by developing middle-income housing resources.

Casino gambling will cause Atlantic City to grow and, in so doing, its growth will have a ripple effect throughout the entire county. We are now saying

that any further development of low-income housing at this time, beyond the already planned units earmarked for Atlantic City should not take place. We say that the additional subsidized units will have to be provided in the county. Certainly, residents throughout the county will gain significantly from our growth. But with that benefit will come the necessity for wider-shared responsibilities. These responsibilities must extend to the housing of low-income persons.

The factors which directly affect housing development in Atlantic City are as follows: definitive land mass, escalating land costs and restrictive zoning regulations. As a consequence of these factors, our approach should be spear-headed by a single-purpose city agency. This trustee housing agency would be responsible for the development of housing sites in an effort to fulfill the housing needs of our citizenry. Funding for these housing activities could be accomplished under existing federal programs, beginning with the commitment of part of the city's community block grant funds for land acquisition and relocation, also application under the urban development action grant program for funds to land-bank for housing. Additionally, there is the possibility of the State amending the Casino Control Act to require the two percent alternative tax to be applied to the development of housing units. Also, the State in concert with the city might want to consider the establishment of a revolving loan fund having at its disposal one million dollars, for example, to be used for stimulating home buyers' mortgage interest rate reduction, construction loan interest reduction, home buyers' down payment assistance.

Lastly, due to the broadening of our tax base as a result of casino hotel development, the city may want to consider pledging or earmarking those increased tax revenues to fund additional housing development.

In closing, we wish to reiterate that we should tread lightly and be fearful of overbuilding in terms of low-income housing in our city. We should endeavor to get the neighboring communities to provide subsidized housing where possible. A thrust toward the development of middle-income housing should be of prime consideration to effect freeing-up and an exchange to take place which allows for housing alternatives. Thank you.

ASSEMBLYMAN SHAPIRO: Just one question. There was a suggestion made earlier in the hearing by Commissioner Lordi about the idea of the State going into the field of land-banking and, in turn, turning over the parcels of land to the Housing Authority. I wonder what your thoughts are on precisely that.

MR. HARRIS: In terms of what?

ASSEMBLYMAN SHAPIRO: In terms of State acquisition and direct State involvement in land-banking which would at some future point be transferred to the Housing Authority. Would this address a problem that you have?

MR. HARRIS: I think an effort in that direction would best be served if the State would make funds available to our agency, to then go out and make the necessary acquisitions.

ASSEMBLYMAN OLSZOWY: No way. The point is, if I may ---

MR. HARRIS: Are you saying that the State has ground available in our city at present?

ASSEMBLYMAN SHAPIRO: I am sorry. I didn't hear your question.

MR. HARRIS: Assemblyman Olszowy said ---

ASSEMBLYMAN SHAPIRO: I think he just was responding to what might be common sentiment about the idea of the State simply handing over funds in a special way to one specific agency, rather than having a more direct role itself.

Commissioner Lordi this morning suggested an active State role. He basically outlined a plan whereby he thought the State should get involved at this point when land costs are lower than they would be, say, three years from now, and bank existing vacant parcels to prepare them in a way in which they could be turned over to the Housing Authority for construction for development of the sites. I asked him at that time if he thought that the Housing Authority through its bonding power perhaps could just as well do that itself. But I think Mr. Olszowy's comment is very indicative of what a legislative reaction would be to the proposal that you just briefly made of having the State turn funds directly over to the Housing Authority for that purpose.

MR. HARRIS: Maybe this point should be made for the record: The Housing Authority, itself, does not have bonding capability as such. We do not generate any type of tax revenues or revenues of any kind which would warrant the payment of a bond issue. As a consequence of that, we are merely an instrumentality of the City of Atlantic City.

What we would be looking for would be the city, the county, the State of New Jersey, the federal government, to stand behind any issue we went out on to effectuate a land-banking strategy, if that were our course.

I am not quite sure if I understand your question that the State would turn ground over to us to develop.

ASSEMBLYMAN SHAPIRO: This was a suggestion that Commissioner Lordi proposed here this morning. He was saying one of the problems you face is a critical shortage of available developable land and that these parcels may rapidly disappear with the growth of the city due to casino gambling and the speculation, and the value of the land may cause it to disappear, so that it might be advisable for us as a Commission to recommend going in at this point and buying up land that would be worthwhile under, and perhaps in conjunction with, the proposed master plan that would make allowance for the construction of additional housing.

MR. HARRIS: That possibility exists, yes. It would exist.

ASSEMBLYMAN SHAPIRO: Thank you.

ASSEMBLYMAN OLSZOWY: In setting up a land bank, if the law were in effect, the State would have the authority to purchase such a property as the Ritz at the approximate rate, after proper appraisals, that the investor is willing to pay. The State would then take that over and through a mechanism of financing, at no cost to you or at a break even point where the State could recoup something - it would not be an outright grant - it would not be a loss to the city - we would then start formulating land banks where we could then retain land within a community to prevent the tearing down of housing and preserve vacant land. We are doing it now with some of the farmlands with transfer rights. This theory, although it has not been worked, is one of the ways, if State legislation permitted it, to be able to acquire some of these lands and turn them over to the local housing authority or some other type authority in the community.

ASSEMBLYMAN SHAPIRO: One other point I would like to raise is with regard to relocation. We have heard a lot of discussion about that and I wonder what

provisions the Housing Authority makes for relocation of tenants who are temporarily or suddenly dislocated from their homes.

MR. HARRIS: That is outside of our jurisdiction. That comes under the auspices of the City Relocation Officer, Mr. Kenneth Wright.

ASSEMBLYMAN SHAPIRO: In this city, that is a separate agency?

MR. HARRIS: That is correct. The only time that our agency engages in any type of relocation activity is when we have active, federally funded urban renewal programs.

ASSEMBLYMAN GORMLEY: I have a few questions.

Have you done population studies to indicate that there would be a levelling off of the need for low-income housing or is it just because in your estimation there is a saturation of the fair-share, or whatever, for the low-income building in Atlantic City?

MR. HARRIS: We have done some study work in terms of collating and gathering data concerning the number of subsidized units in our city. We also have done a dwelling unit count survey. When we compare the number of subsidized units to the number of dwelling units, we see, for example, that we approach a figure somewhere around 25 percent of all the dwelling units within our city being subsidized. Comparing this against the national average of cities of comparable size and towns having a similar number of public housing units, for example, we believe that we are over-subscribed at this time. This is not to say that in preparation for 1990 where certain economic projections would indicate that the town will appreciate about 50 percent, that coupled with a broadening of our tax base, increased tax revenues, increased luxury tax revenues, and things of that nature, at some point down the line we would not be in a position to absorb even more low-income housing.

At this time, it is felt that our housing situation would best be served if we would move forward in establishing middle-income housing, sales as well as rental.

ASSEMBLYMAN GORMLEY: But the point is, if you were to have middle-income development, it does not preclude the fact that you could still have low-income development.

MR. HARRIS: That is correct.

ASSEMBLYMAN GORMLEY: In other words, you could still do both, hand in hand. What you are saying in effect is that we have reached that point of fair share or whatever you want to call it, consequently, it is time for the other communities to pick up their burden.

MR. HARRIS: That is correct.

ASSEMBLYMAN GORMLEY: But one is not exclusive of the other. You can still do a middle- and low-income program together.

MR. HARRIS: We stated in the record that we should be proceeding with the 750 units of Section 8 subsidized housing.

ASSEMBLYMAN GORMLEY: But you did specify at the beginning that you were talking about housing not already on the books or not already planned.

MR. HARRIS: That is correct.

ASSEMBLYMAN GORMLEY: That is what you were talking about.

Cooperation has been stressed in many of the presentations. What cooperation has taken place so far? You must have projections as to the number of people of low income who would want to live in Atlantic City. Is there any idea of the number

of low-income people who would want to live in Atlantic City?

MR. HARRIS: We have no projection of that, other than the number of persons on file in our application office who are desirous of public housing.

ASSEMBLYMAN GORMLEY: Was that 1455 families?

MR. HARRIS: That is correct.

ASSEMBLYMAN GORMLEY: That was families?

MR. HARRIS: That is correct.

ASSEMBLYMAN GORMLEY: Do you have any idea of the number of people involved in those 1455 families?

MR. HARRIS: Well, we provide housing for families ranging from one bedroom to six bedrooms. A typical family unit I imagine would be two bedrooms.

ASSEMBLYMAN GORMLEY: So the 1455 families, in numbers of people, would be 5,000 or 6,000 people?

MR. HARRIS: I would use a factor of at least four.

ASSEMBLYMAN GORMLEY: So we are talking ---

MR. HARRIS: --- approximately 6,000.

ASSEMBLYMAN GORMLEY: Approximately 6,000 people are on the waiting list ---

MR. HARRIS: That is correct.

ASSEMBLYMAN GORMLEY: (Continuing) --- in Atlantic City for family housing. In order to qualify for family housing, are they in what would be classified as dilapidated or unsuitable housing, or have they just come in and registered?

MR. HARRIS: The majority of them would be in substandard housing or in overcrowded situations.

ASSEMBLYMAN GORMLEY: If we are talking about people who are currently in a substandard housing situation, in order to provide for them, are you planning on relocating them? Or are you talking about people who in the future may reside in substandard housing? When you talk about no more housing beyond the 750 units that are planned, are you talking about cutting off the new people coming in, or do you plan to relocate the 6,000 people or 1455 families outside of Atlantic City?

MR. HARRIS: No. I think that what we are saying is that with the start of middle-income housing, those persons who are presently living in low-income housing but are over income for that type of housing, coupled with the improvement in their economic status based on full employment brought about by casino gambling, will free up that low-income housing for the waiting list, as well as provide a base to move into the middle-income housing.

It should be a safe assumption because all the campaign promises for the passage of the casino legislation were that we would be able, number one, to take care of our own and provide a 12-month economy.

ASSEMBLYMAN GORMLEY: You just characterized something as a campaign promise. You are a professional. Let's get beyond campaign promises. What I want to know is whether you have any facts or projections with regard to that? Everybody makes campaign promises.

MR. HARRIS: It is an argument. It is basically a philosophical argument. If we were to carry it out to its logical conclusion, then what we are presently proposing makes sense. We are going to reach a point, given the economic status of our area that, hopefully, we will be put out of business. I am talking about the Housing

Authority.

ASSEMBLYMAN GORMLEY: I understand your argument, but we are talking about a hypothetical assumption.

MR. HARRIS: Let's look at real numbers then.

ASSEMBLYMAN GORMLEY: Okay.

MR. HARRIS: Our employment situation is such that in absolute numbers we are talking about 4,000 persons being unemployed in Atlantic City. We know that Resorts presently employs approximately 2,000 people. With the coming on stream of Casinos Two, Three and Four by 1985 - and these are probably very conservative estimates - it would virtually remove our unemployment, just wipe it out, remove it. I am talking about the current resident population.

ASSEMBLYMAN GORMLEY: However, with a job market available and the unemployment situation being what it is throughout the country, I just don't ever see you getting to a zero base. It is nice to talk about it. I can see your basing it on that assumption. But with new people coming in, I just believe that we are going to have some unemployment. I don't know how much, whether it will be 1 percent or 2 percent, hopefully. But to reach zero unemployment ---

MR. HARRIS: No. I offer that only as a philosophical argument. I don't mean it to be taken factually.

ASSEMBLYMAN GORMLEY: What communications have you had with neighboring communities with regard to --- A portion of your presentation related to the assumption of the burden by neighboring communities. Has there been any?

MR. HARRIS: There has been no contact on our part with the mayors of neighboring communities in an effort to assume part of the low-income housing burden.

ASSEMBLYMAN GORMLEY: Are there any further questions?

ASSEMBLYMAN OLSZOWY: I have just two questions. If, hypothetically, maybe factually after Casino Five is up, unemployment goes down to 1 percent, why would you need additional low-income housing?

MR. HARRIS: Senior citizens.

ASSEMBLYMAN OLSZOWY: Senior citizen is not low-income housing.

MR. HARRIS: Yes. I am categorizing ---

ASSEMBLYMAN GORMLEY: That is the Housing Authority's point of view.

ASSEMBLYMAN OLSZOWY: That is your point of view. We categorize senior citizens, moderate-income and low-income housing in three different categories. This is the first time I have heard senior-citizen housing considered low-income housing.

MR. HARRIS: If you talk about rents based on 25 percent of their adjusted gross income, of \$45 a month, I consider that low income.

ASSEMBLYMAN OLSZOWY: That is your interpretation. We interpret it differently because until each state has an identical welfare load and welfare payments, any time there is low-income housing available here, people are going to migrate here. The reason for that is the welfare payments are better in New Jersey and New York than they are anywhere else. We want to help our poor people, but we don't want to take on an additional burden from other states. That is one of the reasons we are so careful about that word "low-cost housing." We are willing to help anyone who is poor in our state. But we don't want to bring them in from other states anymore.

My second question - I am very much interested, not being from the area - who made all these campaign promises to you? You said there were campaign promises you were going to have housing, etc. Who made those promises?

ASSEMBLYMAN GORMLEY: On to the next topic.

ASSEMBLYMAN OLSZOWY: I am serious. We are sitting here to judge and maybe to try to get some funding. And I want to know who made these campaign promises.

ASSEMBLYMAN SHAPIRO: Mr. Chairman, if we could get back to Assembly Resolution Number 23, which is the mandate of this Commission, I don't think it really has to do with our need to determine who, in fact, has let the people down and at what point. We want to look forward to what policies can establish better housing for our urban residents.

I suggest we go on to the next witness.

ASSEMBLYMAN GORMLEY: The question is out of order.

ASSEMBLYMAN OLSZOWY: I am interested in Democratic-Republican issues here. I don't care what party they belong to.

ASSEMBLYMAN SHAPIRO: I think the Mayor is a Republican.

ASSEMBLYMAN GORMLEY: Thank you very much, Mr. Harris.

Mr. John Best.

J O H N B E S T: Thank you, Mr. Chairman.

I guess I am going to wear three hats here today: number one, as an Atlantic City businessman; number two, as a "speculator real estate developer" with reference to the Ritz Apartment-Hotel complex; and, number three, you can aim your shots at me as the Mayor of an adjoining community. I am the Mayor of Ventnor. I will address all three points.

On the economic end of the spectrum, as far as public housing, as far as the private sector, and as far as development, I think I know it best from a development standpoint because I have been involved in finance and development most of my adult life. I have been an Atlantic City businessman, in the retail business, the last ten years. I guess in the last ten years, I have seen the population of Atlantic City drop by 35 percent. I have seen almost the highest welfare rolls in the State and almost the highest unemployment in the State, 20 percent. And I have seen the town being demolished brick by brick over a period of years with the large hotels on the beachfront coming down. True, the casino gambling referendum wasn't everything to everybody. It wasn't a catch-all and it wasn't an end-all. It is just a beginning for this area. When I say this area, I don't only mean Atlantic City; I mean all 23 communities in Atlantic County. We are all involved and we are involved very deeply. Many of us are businessmen in Atlantic City.

The Resorts complex, which is tremendous and which I am sure you have all seen and all know about, is a beginning. Unfortunately, after the casino gambling referendum passed, in came the hard part. The hard part was the finance end. That is going to the banks and the institutions and convincing them to loan Atlantic City businessmen in the area of \$30 million projects, \$70 million projects, \$100 million projects. All this money was going to be lent by banking institutions to an industry which is a new industry in New Jersey, unheard of, connected with crime and other areas. They just weren't about to do it until they saw what the Legislature was going to do as far as the enactment of the law, how we were going to handle the gambling, and where their money was going to go.

I think now that they have seen some results, being that Resorts has now opened, and they can see the kind of cash flow resulting, they are going to be happy to invest in the Atlantic City area. They will do this as long as they know what the rules of the game are, as long as they know that we as local politicians, state, federal, or whatever, don't change our rules too drastically. As was mentioned earlier, I think two percent of the take of Resorts International last month, which would have to be reinvested in Atlantic City, was \$400,000 in that one month. The tax rate in Atlantic City is going to change dramatically. Resorts International Hotel Complex was taxed for \$7 million prior to casino gambling. It is probably going to be up in the fifty- to one hundred-million bracket in the not too distant future. I feel, therefore, as a businessman in Atlantic City, that the whole picture has changed. Whereas properties in Atlantic City were just being walked away from for back taxes, now businessmen are cleaning them up and fixing them up. They see a future for them. They may not be happy today because they are not getting all the action. But it is coming and the picture is picking up.

As a "speculator" casino developer, my second hat, I say this: I, as a developer of the Ritz complex, went out and bought a property - paid \$11 million for it - which is on the tax books of Atlantic City at \$2.4 million. At the present time, the Ritz complex pays about \$161 thousand a year taxes to the City of Atlantic City. It is estimated in the first year of taxes as a casino development, it will pay over a million dollars. We will go, in the State of New Jersey, I hope, from one of the highest tax rates to probably one of the lowest tax rates as a result of these dollars coming in from these casino complexes. I think if the money is used wisely by the city and if we use these moneys for a land bank, which can be rolled over, and if we use these moneys to set aside parks and playgrounds and develop the area, we will all benefit from it.

In 1970, when the prior owner - and we still are not the owners but have an agreement of sale on the property -- in 1970 or 1969, when the prior owner, Mr. Orleans, put close to \$3 million into the Ritz complex, which was a hotel for 50 years, he did it for an economic reason. He couldn't make it as a hotel. The Traymore---the Senator was converted into a nursing home. The other hotels were being blown up and torn down. They were being closed and abandoned. Mr. Orleans at that time spent his money to convert it to an apartment house complex. Now, at this point in time, Mr. Orleans is saying, "Fine. I had enough faith in Atlantic City in 1970 to provide housing, not for low-income but for a very necessary part of the housing market, for the higher-income bracket people." There are 320 apartments in the Ritz complex right now. Of the 320 apartments, less than one-third are permanent residents. The rest of them are second homes or vacationers. There is a real need for these people. There is a real need for relocation, not only for the permanent residents of the Ritz but for the vacationers and the people who are going to come down and spend their money in casinos on a regular basis. I think that is part of the economy, hopefully, that will be taken care of by the private sector.

When we have a well-policed city, a well-oriented city, a progressive city, investors, developers and speculators will come down and spend money to build complexes because they know they are going to make money on their investments. So I think the private sector of the economy down the line, hopefully not too far in the future, is going to take care of the high-income bracket people who want

to live on the beachfront, whether it be in Atlantic City, Ventnor, Margate, Longport, or wherever.

To go back to the Ritz complex, I met with the people at the Ritz. I made certain representations. I feel that if we don't have a legal commitment to the people at the Ritz, we have a moral commitment to make sure that the permanent residents can stay there at least long enough to see housing coming up in the area to which they can relocate. How we are going to go about it yet, I don't know. I have made proposals to let them stay there up to 15 months and then, hopefully, by that time, there will be housing available to them. I told them, working together with local, state and federal people, we would try to get temporary amendments so these people rather than being moved out into the street in 15 months could at least stay there until there is comparable housing available. If that means that there has to be some adjustments to the Casino Control Act and the legislation, so be it. Hopefully, it can be done. I am not saying it is going to be done, but hopefully it could be accomplished.

From the standpoint of the mayor of a municipality next to Atlantic City, there have been quite a few speakers address the situation as to what we are doing as far as our requirements are concerned. I can honestly say that we are doing a lot. We had a meeting just last month in Stockton College. The 23 municipalities were all invited to this meeting for regional zoning. We recently met with a group from Atlantic City about senior citizen subsidized housing. The Jewish Federation came to Ventnor and they got the grant money from the federal government, but, unfortunately, they couldn't get the zoning in Atlantic City because they had to get a variance on a local zone in Chelsea. They were not granted the variance in Atlantic City. They came to Ventnor. They want to put up senior citizen housing. We have instructed our planner as of about six or eight weeks ago to posthaste - we are doing a redevelopment of a PUC plan in Ventnor - as soon as possible, get the clearance for the land so they can start to build.

We had a petition as recently as last week come before my commission. At least 200 senior citizens want additional housing.

So the need is not only in Atlantic City; it is over the whole area. The Mayors' Association in the meetings we have had prior to this is very cognizant of this need for regional zoning. I think in Ventnor City - and I can speak for Ventnor City - we have taken care of our needs and we have taken care of the needs of the area. There has been quite a bit of multiple-family housing going up in Ventnor City and we have probably put more new houses up in the last year than any other place on the island. I know we have. It is multiple-family. It is mixed. There are some single-family homes, some for higher-income brackets. And I think it is a good mix of the whole area.

Hopefully, we can all benefit, and I think we can if we all work together as a community, both from the standpoint of the developer, the local and state officials and the people who are involved. It is going to take some understanding from all segments. Hopefully, we will get there together.

Thanks a lot for letting me speak. Are there any questions?

ASSEMBLYMAN SHAPIRO: Mayor, we have heard a lot of testimony about the situation this morning, as I am sure you are aware. We have also heard testimony at our other hearing in Newark, as well as here, about a critical lack of safe, affordable housing for senior citizens and low-income people. I don't think

this Commission can accept a proposal that we simply turn out - even if you are saying it is only one-third of the people who are housed there permanently - 100 people without a decent option. The Legislature of the State has taken its responsibilities toward tenants as a pretty serious matter, perhaps not seriously enough in some cases, but as a very serious matter in terms of this State's progress in the area as compared with other state governments and with other state legislatures. And I think in this matter we want to consider the protection of their rights because their rights need to be taken into account. (Applause.) I am not saying this for political posture and I would appreciate it if the people who are listening would refrain from expressions of sympathy or lack thereof.

You are not proposing any solution to their problem in that sense and I understand it is not really your responsibility - it is ours. I would like to ask you: What would be your reaction, for example, to Commissioner Lordi's remark this morning that he could possibly consider a plan such as your own to be one which was not addressing the very important social concerns that are supposed to be embodied and supposed to be embraced and considered when any casino development is before the Casino Gambling Commission?

MAYOR BEST: Let me answer you in this fashion. I didn't want to burden you with spelling out what we had represented to the people specifically at the Ritz. The maximum lease of the people in there now is a year. Under a reconversion back to a hotel the way it was before, we have a notification of six months under present State law that we have to give these people.

ASSEMBLYMAN SHAPIRO: Leases aren't really the question.

MAYOR BEST: What we have proposed to the people is that where there are permanent residents involved, we give them 15 months to relocate.

Let me address for a minute --and I understand the social problem of the relocation of one hundred residents from the Ritz because there are one hundred apartments that have to be found. I think the resources of these people are such that they have the buying power to find apartments. I could be wrong. We are going to do a complete survey within the building at our own expense to find out where people would qualify for senior citizen housing or subsidized housing.

You have to understand one thing. We are saying we are going to give them 15 months when we have to give them under notification 6 months. We as developers of the Ritz paid \$11 million for a property which we now have to carry and finance. I am speaking of the economics. It is cold, but it is the economics of the situation. The assessment of the Ritz Apartments is now at \$2.4 million and is under re-evaluation. The increased assessment is going to go in this fall. The land is now going to be assessed at \$50 a square foot. Now when the new tax bill comes out, even under rent control in Atlantic City, we can pass the increase on to the residents. There is a narrow strip in Atlantic City between Pacific Avenue and the beach that has been zoned as casino area. Now where does the obligation - and there is an obligation - end of the developer and should we lose \$2, \$3, or \$5 million prior to relocation of these people? What is the obligation of the developer and how do you convince a banking institution that is going to loan you \$20 million to go in and redevelop Atlantic City that they can wait two or three years before you start paying them back?

We all have to work together. If we go to the banks and say, "You are going to have to wait three years before we can move these people out, or five years, and

you are going to have to wait that long before we start paying you interest on your \$20 million," they won't buy that. I think if we take that approach, Atlantic City never will be redeveloped. That's the way I feel about it.

ASSEMBLYMAN SHAPIRO: Just to get some factual information here, are you saying that in order for you to convert the Ritz into a casino hotel, you would have to empty the whole thing out first in order to begin construction? Is that the physical problem with it?

MAYOR BEST: No, that is not the physical problem with it. We can start and redevelop the Ritz Hotel as it was by developing the land next to it which was where the Ritz Convention Hall was prior to its burning down. Therefore, the people in the Ritz can stay there. We can start our development plan. We can borrow the money from the banks. We can do our financing and we can carry that. We can wait that 15-month period before we go in and renovate the rooms and the facilities in the area where these residents are now. I have already met with private developers within the last two weeks who claim they are going to come before the city within a week or two weeks with plans for building a 444 high-rise apartment house, which is not subsidized. They are going to meet with our attorneys to make out an agreement whereby they will give us preference on transferring our tenants from the Ritz to another facility.

But to sit here today and guarantee these people that I am going to relocate every tenant in the Ritz or have the Ritz tenants come to me and say, "We would like to live our days out in the Ritz," economically it is not possible because the economics of the area have changed because of zoning and because of what is in here. I have to be honest and I have to say I have a moral commitment of 15 months with these people. I will go longer than that if, in fact, I can hold off. Then I will go longer than that. But where does our social obligation begin and end?

ASSEMBLYMAN SHAPIRO: In other areas of the law where we cover relocation - and in general, this is not an aspect that we have dealt with or funded well enough - there are some very stiff requirements with regard to relocation of tenants, particularly for other residential purposes and particularly for public condemnation. One of those things is that there is a cash award of \$4500 per housing unit. Would that kind of thing cripple the ability of you to put up a casino hotel in that place if we were to extend that law to you?

MAYOR BEST: Let me say this - you are saying if we were to subsidize the tenants in the Ritz now by dollars to get them relocated ---

ASSEMBLYMAN SHAPIRO: Not subsidize them. Subsidy is not the right word.

MAYOR BEST: The people in the Ritz right now are not the people that need subsidized housing. They have the financial capability ---

ASSEMBLYMAN SHAPIRO: This is not a question of subsidy; this is simply a question of the State's determination that, at least in some cases, the tenants do have rights and they have a right not to be displaced or, if they are, to be compensated for displacement. It is not a question of really measuring the degree of subsidization they ought to be given based upon their income level.

MAYOR BEST: The tenants of the Ritz, all of them, have leases that run up to a year. We are not violating those leases. Whatever their leases say, that's how long they are going to be there.

ASSEMBLYMAN SHAPIRO: Except that in the New Jersey Tenants Law, we have extended tenants' rights far beyond what is simply written in leases.

MAYOR BEST: Then my answer to you, sir, is whatever the law says, that is what we will do. I don't know the law. I am not an attorney. But I will say that we will comply with the law. And beyond complying with the law, we will comply with the moral commitment to these people. We also, on the other hand, have an obligation to the community where we are going to hire 1800 people and bring these unemployed people back into the economy and have them no longer in subsidized housing, but earning a living. That is another important aspect of this whole problem, to convert this economy that we are involved in from a welfare economy to a working economy. This is all part of it.

ASSEMBLYMAN SHAPIRO: Thank you.

ASSEMBLYMAN OLSZOWY: I have only one question. How could you build a 440 unit apartment in a 15-month period when it is not even under construction?

MAYOR BEST: I probably didn't make myself clear. I was in contact with a developer last week who said that he has gone before the State, that he is in the process of getting a piece assembled and that he has been assured that within a 15-month period he can build a 444-unit apartment house. He gave me the location, but he did not give me the opportunity to reveal his name because he wants to make a public announcement of it in Atlantic City within the next ten days.

It was said earlier here today by someone in the Housing Authority that it is amazing how many people we have come in here and say, "We are going to do this or we are going to do that." But until they have the land, until they have the money and the financing, it doesn't mean a thing. So I don't even want to mention the man's name. I am sure he is very sincere. I can't say it is a factual statement. It is not mine. It was that of a builder we were in contact with. We were concerned about the tenants in the Ritz and what we could do to relocate them. We have talked to developers in the area to see what we could find out about housing. The problem exists all over - the lack of housing.

ASSEMBLYMAN OLSZOWY: I can't ask any more questions because I will be ruled out of order.

ASSEMBLYMAN GORMLEY: You are out of order. (Laughter.)

One question: Have you or do you intend to consult on your plans --- obviously, you will be consulting in advance with the Casino Control Commission.

MAYOR BEST: Very obviously. The plans are being drawn up to be presented to various agencies.

ASSEMBLYMAN GORMLEY: I am talking about the social aspect of it. We were talking about the relocation.

MAYOR BEST: Commissioner Lordi presented that social obligation.

ASSEMBLYMAN GORMLEY: I am talking about at this stage of the game or this stage of the situation, for guidance before you even put the imprimatur on whatever your plan or ideas might be, to consult with them first. That was more in the area of a suggestion.

Any further questions? (No questions.) Thank you.

David Baslow, New Jersey Tenants Association.

D A V I D B A S L O W: Mr. Chairman, members of the Commission, my name is David Baslow. I am President of the New Jersey Tenants Organization. We are a statewide tenant movement which was formed in 1969 for the purpose of helping to identify problems that tenants have throughout the State, and to seek legislative remedies, while in the meantime working with the tenant to help the tenant deal with his or her problems.

I speak to you from a perspective that is perhaps unique to NJTO, and that is the identification of the problems of the housing market throughout the State. It is not peculiar to a particular region or a particular community. Our membership is statewide. We have town associations and individual members throughout the State of New Jersey, from every community that has tenants in the State of New Jersey. I feel that the testimony that you are receiving through these hearings - and I believe there will be another one or two taking place in the State - is fantastic. I think it is a terrific direction, but I also think that we are faced with a crisis that can't wait for even the transcript to be transcribed and put into legislative form, even if it is done immediately. And I don't mean anything personal. We are faced with a crisis. I think from the testimony I have heard, it is mostly about the brick and mortar problems. Basically, NJTO deals with people problems, the flesh and blood problems of people with their daily lives.

Right now we are faced with a problem statewide. It is not a new problem. We are suffering a critical housing shortage. That is statewide. That is not unique to Atlantic City or our urban centers, Newark, Patterson, Camden, but throughout the State. There is no choice of housing. Now, you might say the solution is more housing. That is a long-range solution. What do we do in the meantime - that is our biggest problem - to maintain the existing housing stock, not permit removal of decent, livable units for any reason until a housing stock is in existence that can absorb people who need a place to live?

It has been suggested by the Administrator of the Rent Control Board of Atlantic City that people will be living in tents before they give up. I suggest that what we need are legislative remedies to not allow the type of conversion that is contemplated in Atlantic City or elsewhere in the State.

Going back to 1974, when the Legislature was considering eviction for cause, the addition of the provision allowing a six-month notice for permanent retirement from the rental housing market was okay. The thinking at that time was, an owner wants to go out of business. And, it was put to us in a peculiar way: What if an owner wants to retire and go to Miami? It was interesting. They must have known about Atlantic City, because no one mentioned Atlantic City. That was the original intent of that provision. It wasn't to displace thousands of people throughout our state and allow for conversions. We talked about a constitutional right to develop, to own property, and do with it what we pleased, but we also recognize, and our courts have recognized in New Jersey that human values must be served, and human values come before property rights.

I read something that is very critical. Here we are telling citizens of a particular community - and it is not only the citizens of buildings in Atlantic City who are facing eviction within six months or a year or fifteen months - and throughout the State that we are going to disrupt their lives and they can't live there and enjoy their homes, because they are going to be put out. Again, we don't have a housing market to accommodate these people. I think what we need immediately is legislation to say that there should be no removal of existing

units of rental housing. That includes, for all intents and purposes, gut rehab, and that includes the purpose of conversions to hotels or motels or any other type of conversion. What we have to do is send it to a bureaucracy, send it to the Department of Community Affairs for discussion and impact studies. They can find out what effect it is going to have on the community, and what effect it is going to have on the State of New Jersey and on the tenants within the State of New Jersey, and they can also find out where these same people are going to be housed. I think what I am suggesting - and I hate to suggest the creation of another level of bureaucracy - is that the Eviction for Cause Law definitely needs an amendment. And that amendment should be an attempt to permanently retire from the rental housing market residential premises. We have to give it a much longer period of time, and it has to go through the Department of Community Affairs, and that Department should have the ability to say no, we are not going to allow you to remove this housing from the market. We are dealing with an endangered species, liveable units at prices people can afford, unsubsidized units.

Statewide we look at a problem, and we recognize there is a tremendous problem with maintenance and maintaining the existing housing stock. Well, that is critical, because we are unable to build. We can't count on the government to supply a total stock of housing for our needs. So, that means we have to maintain what we have. We have to maintain a \$100 rental unit in the cities and the \$200 rental unit in the inner cities that are unsubsidized. That is something that we are losing, and we are allowing it to be lost. As a result of your last hearing, I read in the newspapers that a distinguished member of our community threatened to no longer rehab. He is the major "rehabber" in the State of New Jersey, and he indicated that he would no longer be in the business in the State because of the problems and the confrontations he has had with tenants and with the law. I read that, and I was kind of pleased, because I dealt with this one individual, and people were ignored. Their rights were completely ignored. Entire communities have been destroyed. The effect on those families --- We are talking about 330 families in one particular project with a total number of people being close to 2,000, and they were uprooted from their schools, their community, and they were totally mixed racially, economically, socially, every way possible. They were uprooted, and thrown out of their homes in a very short period of time, and very few of them came back. Very few of them qualified for the subsidies. So, what we have done is allowed development of a ghetto for a large group of people who needed subsidized units. What effect, what impact does that have on that community, on the schools, on the businesses within the community, on the dollars available? None of these questions seem to be asked or answered. It is just that there is an equity question here.

We don't want to stop rehab, because that is the only Federal program available. Well, if that is the only Federal program available, then I suggest we don't take advantage of it.

I think we should put further stumbling blocks in the way of gut rehab. I think we should make it as easy as possible to allow rehabilitation and conversion of burnt-out units, of abandoned units, but I think we have a responsibility to maintain the existing housing stock, not to allow it to be removed from the rental housing market and to cause our State Maintenance Code. We are the only State in the country with a State Maintenance Code, minimum standards, yet its enforcement is not working. Existing housing stock is being allowed to continue to deteriorate. Most tenants throughout the State that I talked to firmly believe

that every building inspector is on the take, that they are corrupt. Well, that corruption exists, but it is not being on the take, it is ignoring code violations in responding to the individual complaint, when they respond, and it is widespread. We have to remove code violations from municipal courts. There has to be a quick remedy, so that when there is no heat, there is a way of getting heat turned back on, or when there is no hot water, there is a way of getting hot water put back on. There is no sense having a code that says you are in violation of the code and in six months or a year from now, we will get you into Superior Court and you will get hit with a fine. That doesn't help the tenant, and that is part of our existing problem, a large part of our problem in our inner cities. We have a code, so let's make it work, and let's enforce it. Let's allow our courts to deal with this code equitably, where they could order immediate repairs.

Now, let's not be afraid of the receivership law. More importantly, we should move as quickly as possible and not allow displacement of tenants for the purpose, strictly, of profit. Our property rights have to serve human values. We are faced now with a group of senior citizens that are being forced out of their homes. We are dealing with 2,000 people. What we are doing, in focusing on this problem, is finding out what the typical problem is. There are no new housing starts. To compensate for that, we have to maintain and keep the existing housing stock and do everything we possibly can to see that that happens. We have to do this as quickly as possible, and I will urge you to consider legislation, as soon as you reconvene in September, to amend the existing law so that it will not allow these people to be taken over as they have been in the past.

On the question of relocation assistance, the State amount is \$4500 as the maximum. In my dealings with relocation due to rehab, or due to fires, I have found that the \$4500 when it is available - because the Federal Government no longer funds those programs, so we are talking about the State government funding it - it is not workable. It does not adequately compensate the tenant for his actual moving costs for being displaced. When you start to think of the actual cost of hooking up a new telephone, curtains, carpeting, it is insufficient, and there is also no place to go. Again, it is critical that we do two things, one, maintain existing stock, and, two, and more importantly, we have to get at the property maintenance codes and find ways to make them workable, so that when a tenant finally complains that the apartment is falling apart, there is something that can be done immediately, not six months or a year later when it is meaningless. We have to start moving on it right away, so that it works.

Thank you, gentlemen. (Applause)

ASSEMBLYMAN SHAPIRO: I have one brief point I would like to make, and that is, as Chairman of the Commission, we will be having a number of additional hearings, one of which is specifically going to focus around the situations surrounding gut rehab in Hoboken. And, you specifically mentioned a case which I suppose is the Floral Gardens case in North Bergen. We want to get into these in some detail, because I think there is a need for legislative action in that area, both to prevent abuses and to also try to address legitimate cases. I would appreciate it if you could return at that time to discuss that in more detail, and to respond to some of the arguments that will be made by the proponents, if that would be possible. We are planning specifically to deal with that situation.

MR. BASLOW: I certainly will make an effort to be present and let my views known on that particular issue.

ASSEMBLYMAN SHAPIRO: And has your organization prepared a specific group of suggestions, or any type of draft proposal, with regard to the relocation statutes themselves, what ought to be done in that area in terms of funding, or in terms of requirements to make them more workable? We have heard in Newark enormous complaints about this problem, specifically with regard to government condemnations.

MR. BASLOW: Okay, government condemnations would come under eviction for cause. We are still waiting for the Department of Community Affairs to promulgate rules and regulations that should have been promulgated since 1974. They still have not promulgated those rules and regulations, and it is very difficult to proceed until we know what we have and how it is working. That statute requires that no displacement can take place until the Uniform Relocation Act has been complied with. But there are problems with the way the Uniform Relocation Act actually works within our State. We have no actual position on it at this time, because we are still waiting for the Department of Community Affairs to finalize the chief causes for the rigid evaluations that they are supposed to promulgate, and once we see what we actually have, we then believe we can move forward and make those recommendations.

ASSEMBLYMAN SHAPIRO: Do they have draft regulations at this point?

MR. BASLOW: Yes, they have. The latest draft was to be adopted. It was published again in the New Jersey Register, I believe, for the second time, and, I believe, it was withdrawn because one of the Deputy Attorney Generals felt they had gone too far in trying to include all of the "G" causes for eviction under the authority that they had. So, again, right now we are left without rules and regulations, and that is our biggest problem.

ASSEMBLYMAN OLSZOWY: I am finding these hearings very interesting today. In my town, we have the opposite situation. They are preventing luxury high rises because the people want a residential zone, and here we find the opposite, you want them and you can't have them. This is going to be quite an interesting transcript when we get all this testimony together.

We are a fair group. I think both Peter and I were endorsed by the New Jersey Tenants Organization---

MR. BASLOW: That was based on more than promises. That was based on commitments and experience that you really cared about tenants and now you have the ability to demonstrate it by introducing it so that these people are not put out of their homes.

ASSEMBLYMAN OLSZOWY: We do strongly favor the tenants. But we realize a landlord has certain rights, but again we have taken into consideration the human element here, human values, over monetary gains. That weighs more in our eyes than the value--- Because, if you make a million dollars, or twelve million dollars, how much can you spend in your lifetime?

MR. BASLOW: I would hope that next year we will be in a position to also support and endorse Assemblyman Gormley for his efforts on behalf of the tenants. We certainly look forward to that opportunity.

ASSEMBLYMAN GORMLEY: I look forward to that, too. Thank you very much.

ASSEMBLYMAN OLSZOWY: Is there anyone here from the Department of Community Affairs? Okay, fine, we just want to make sure you were here.

ASSEMBLYMAN GORMLEY: The next speaker will be Kalem Shavazz.

K A L E M S H A V A Z Z: First of all, I would like to thank Assemblyman Gormley for asking me to testify. I think that I would like to speak to several

points briefly. I think the issue that we have here today is a very knotty and thorny problem dealing with housing in Atlantic City. Several points have already been brought up. I won't belabor the panel reiterating those problems. But I think that we have to be very clear on this issue, because besides being a human issue and an emotional issue, a lot of people are extremely concerned with the governmental responsibility, now that we are entering into the era of casino gambling. I think if we were realistic, we would have to say, due to the escalating development of the casinos and the financial speculation, the prospects for low income and middle income people are very limited at best in Atlantic City.

I think another concern I wanted to touch on, in giving the Commission some kind of background, some people have spoken about regional kinds of responsibility and sharing. We have to be very realistic in the painting of the picture of Atlantic County. We have very rigid patterns of housing segregation in Atlantic County, and this is not being said for the purpose of a social speech, because this is reality in Atlantic County. I know the Assemblyman is familiar with this. We do have rigid patterns of segregated housing based on racial lines for whatever reasons. It does exist. I don't think that we are being realistic when we say we are going to change these longstanding housing patterns in the next few years. This is not going to happen. The surrounding communities in Atlantic County are not going to take people who are currently living in Atlantic City without a long protracted battle, and we know that. Even if they were going to take it, the increasing land value would make it prohibitive for them to approach this housing or to even have rentals.

One other point that has to be brought out is there is going to be housing in Atlantic City, but I think the problem is, when will this housing come. I think senior citizens, those in the latter part of their lives as far as life expectancy, are going to be misled if we are going to tell them that they are going to be housed in the next two or three years. I think that we are in a very dire situation. I would just like to take a minute to read the litany of units that we have lost - Ocean Manor, Jamaica Motel, the Mayfair, the Ritz, the President, the Warwick, and the Park Lane Apartments. We are talking about a total aggregate number of units lost far exceeding anything we have on the drawing board. The only thing that approaches a concrete development in housing is the 160 units, and that is on Brighton Avenue, the housing that Professor Maultsey spoke about. And that is not even concrete. They are talking about breaking ground within six months.

The problem that we have is, these units are changing hands, and this is continuing to happen, and we are talking about a gap in even the starting of housing and the completion of housing. We are talking about a two or three year gap with no housing being built. People are caught within that gap. So, I think the question that should be addressed is, of course, we need a long range plan, and we need a medium term plan, but also a short term immediate plan to deal with the housing situation that we have. Also, a consideration has been addressed which we are very concerned about, and that is the emergency housing situation. In the years before casino gambling was a reality in Atlantic City, those agencies that dealt with social services used the hotels and the motels to house people who had fires or any other kind of emergency. We realize that now, with Atlantic City moving toward a full economy, those hotels that had seasonal slack off in the winter, and who took these people in, are not going to be able to do that. So, we have a critical situation in regard to emergency housing.

I think that Mr. Kravitz brought up a very key point when he talked about the developments on the Resorts land, and the fact that nobody has spoken about this. I think we have had a lot of procrastination in the housing picture, and we have had a lot of hesitancy, and certainly, as far as the leadership in the housing picture, we are at the point right now where if the current residents of Atlantic City are to receive any benefits from the development of a new economy, we have to take some strong, positive, rational measures to stop the movement that is displacing people. I think Assemblyman Gormley read the article that was in the paper about how the Casino Control Commission should speak to development. I thought Commissioner Lordi has gone somewhat down the road.

If we are not talking about the developers having to deal with housing in some kind of positive way, then I don't even think we are talking about housing in the future. I think in their applications they have to provide for a certain number of units of housing. We will go somewhere down the road, then, in terms of immediate and long-range types of housing, if this could be put into the development package. If you gentlemen in your wisdom could include that, it would be very helpful in going towards solving that. If they know they will have to build housing, they will come up with housing, in order to get their license. Today, in 1979 and 1980, the people who are living in these areas are not going to be able to stay in Atlantic City because the current housing stock is substandard and we are losing units, and we have not added units. We have not had any housing construction in Atlantic City in five or six years, of any kind, and the housing that has been promised has been nothing but promises.

The very crucial and critical problem is, what are we going to do with this interim period between the selling of houses, the conversion of these units, and the sale of these units on the open market? What are we going to do to protect the rights of the people who are in the senior citizen population, the middle and lower income levels?

I will submit to you people, in conclusion, we have gotten so far down the line now that any realistic assessment of where Atlantic City is--- Without some governmental intervention, the people who aren't economically powerful will not have any defense at all. The average rental person, the average moderate income person who is renting a home, is at the whim of the trend of the open market. They are at the whim of course, of inflation which is a nationwide problem. With the current economic development in Atlantic City, they have absolutely no protection. I think this is a cruel farce for us to think that from today's hearing everything is going to be all right in the housing picture. I think that we are building people's expectations up. I think that we are giving them another let down. Everything is not going to be all right, if some action is not taken to protect citizens here in Atlantic City. And that is the only thing that is going to keep the current residents of Atlantic City here. There will be people in Atlantic City, but the current residents will not be here.

With regard to the regional efforts, I don't see these outlying neighborhood communities taking in people who are displaced from Atlantic City. Anyone who is familiar with what we are doing in Atlantic County knows this is being realistic. That is not going to happen. I don't know that I have presented any solutions, but I know that these are the real problems that we have to grapple with. I will submit at this point the kind of governmental action that you can initiate is the only salvation these people have as far as living in Atlantic City. Thank you, gentlemen. (Applause)

ASSEMBLYMAN OLSZOWY: This Commission is not empowered to promise anyone anything. The only thing we can do is look for an immediate remedy to prevent displacement of people. There we could possibly do something. We could have a bill introduced and then assigned to Committee and push for it. That would be the extent of our authority on this. The only thing we can do is make a recommendation to the Legislature and to the Governor as to what we have found.

We are a fact-finding group. Again, I reiterate, we have no appropriations, no funds. Wherever we go we are doing this at our own expense. The State does not reimburse us for our travel here or wherever we go. We are interested in this problem, and we want to help people. This is the reason we are on this panel. We could do something, possibly, about displacement. We could try to get legislation to help you there. How far it will go, I don't know.

MR. SHAVAZZ: Well, if you would do that, Assemblyman, I think that would be a positive step, because with the development, and with the multi-million dollar companies and corporations that are moving into Atlantic City, anything short of governmental action to stem that tide, the people can't deal with. You are talking about a company town, and these people can't deal with the casino development people who have funds to move at a rapid rate of speed. They are just moved about. Legislation is the only weapon they have to make any kind of stand.

ASSEMBLYMAN GORMLEY: Thank you very much. Our next witness is Nick Pagaro, Department of Community Affairs. (No response)

Robert P. Beakley, Cape Atlantic Legal Services.

R O B E R T P. B E A K L E Y: By way of introduction, I am a staff Attorney with the Cape Atlantic Legal Services. Cape Atlantic Legal Services is a non-profit corporation of the State of New Jersey. It has a Board of Directors, 60% of which are practicing Attorneys in the area of Atlantic County and Cape May County. It is funded by several sources of funding, including the Legal Service Corporation, which is the U. S. Government successor to the Office of Economic Opportunity, and we also receive some funds under Title 20 of the HEW monies. Also, monies come from various community development block grant programs.

The corporation hires attorneys and office staff to supplement the attorneys for the purpose of representing indigent persons in civil matters. Therefore, we in essence are the only lawyers that the poor people of Atlantic County have in civil matters. Those poor persons who have legal counsel in court matters involving landlord and tenant problems, in 98-plus percent of it, it is Legal Services.

Atlantic City is a peculiar community, as I am sure the Commission realizes. It is no fun to be poor any place in the world. Atlantic City has always attracted a disproportionate share of poor people as compared to the surrounding communities, and there are several reasons for this. One of the reasons is that Atlantic City provides not only the poor but the elderly with access to the facilities they need which are not available if you do not live on the island. I am talking about transportation. You can get a jitney to get to the doctors and any social agencies, the food markets, or most other places in Atlantic City, and you need only to wait for five minutes on a street corner. If you were to move to Mays Landing you might have a three-quarter's of a mile walk for a once a day bus to get to the doctor's office. Additionally,

the urban area of Atlantic City has some advantages to those poor persons who are unable to communicate in English. The Hispanic community by its nature provides those people who cannot speak English with readily available interpreters to help them at times when they have to contact either a policeman or a doctor or a social worker. If the poor people are scattered to the wind in the very rural county that we have surrounding us, they will be at a great disadvantage, or at a greater disadvantage than they presently are in the urban area that we have. Those comments also apply to the elderly people, many of whom do not have automobiles, and have a need to see a doctor on a regular basis, and who are also in need of other social services including going to the various community centers and nutrition centers.

Also, there is a disproportionate share of poor people in Atlantic City because of the nature of the business here. The business in the old days was good because it was a resort trade. With the casinos coming, it is going to be a resort business again. You have heard a lot of testimony about the number of people that casinos are going to employ, and everybody is going to be off the welfare rolls and earning an income. But what they have failed to point out is that over 50% of the people who are going to be employed by any casino and any hotel are going to be employed as the chamber maids to make beds, and bus boys to clean the tables, and people to sweep the floors, and other occupations that are essentially low-paying, minimum wage, type of jobs. The very nature of the resort industry dictates a need for a certain amount of low income, and moderate income persons to do these tasks.

The housing in Atlantic City prior to the casino referendum was basically attained by what is known as the trickle down method. The inlet area, for example, of Atlantic City used to have upper to upper middle income homes. As the homes grew old and began to deteriorate, the rich people who were living in them moved away to Margate and Linwood, and they passed down to the next rung on the economic ladder, and as the houses continued to deteriorate, they finally got down to the poorest level, the people who could not afford to shop around and had to take what they could afford.

There has been a lot of talk about the effect of the referendum. There have been several emotional statements that perhaps we shouldn't have voted for the casinos. The casinos have brought problems. They have also brought at least the possibility of some solutions. Prior to the election, we in Atlantic City had the choice of becoming the Las Vegas of the east, or the Harlem by the sea. There are some problems that have been generated, but at least there is a possibility for Atlantic City turning around with the casinos which did not exist before that. If nothing else, it has gotten us a lot of attention. I have been working with legal services since 1974. There were not any legislative committees or fact-finding groups that ever came into Atlantic City; you would have found the table over here with reporters to be virtually empty because nobody really cared, and now all of a sudden there is some interest in what is happening to the people in Atlantic City.

Well, what is happening to them? I can tell you one horror story quickly, for an example. At lunch break I received a phone call in reference to a matter that was tried in the local court one week ago in which a landlord sought to dispossess four families living in a building here in Atlantic City. He sought to have them put out for non-payment of rent, and we represented them, and stated to the Court that the reason the rent was withheld was because there were no plumbing facilities

in the building. There was no hot water. In order to flush the toilet you had to get a bucket of water and dump it in the toilet. The Judge in New Jersey had the power to grant what is known as a rent abatement. That is, he could look at the rent that was being charged, and determine how much of that agreement for housing the tenant was actually receiving. In this case, the Judge abated the rent in the amount of one-third of the outstanding rent. He instructed the people that they were paying the rent to Legal Services until such time as the repairs were done, and that was to be turned over to the landlord. My phone call at lunchtime was from the Judge's chambers. He wanted me to attend a conference with the landlord's attorney whose position was that he had no intentions of doing these repairs, but he was taking this property off the market anyway. Therefore, he thought it only fair that the two-thirds of the rent be turned over to him immediately to pocket. Knowing well that he has to give them a six month's notice to close the building down, he won't have to wait that long, only to the first frost, and he can freeze them out. In this case, he is hoping to have the Court sanction him freezing them out by saying, well, we have abated your rent; you don't have to pay the full amount of rent, and that means I don't have to give them heat or hot water.

This is just an example of the types of problems that the people of Atlantic City are experiencing. The housing stock in Atlantic City has deteriorated into a terribly bad situation. I would imagine that those members of the Commission from other metropolitan areas such as Passaic County and Essex County are aware of deteriorating situations in those two areas as well. But we have a very real problem. You heard testimony today on several occasions about the 750 units which have been promised. I made a few contacts at lunchtime with the Relocation Office for the City of Atlantic City, and my question essentially was, based upon the number of houses and dwellings that have been taken off the market due to fire, due to landlords closing them down, due to them being closed down because of code violations, how many units do we need today to fulfill the need of Atlantic City for housing? The answer I received was 2,000. So, even with the 750 units, that is only a drop in the bucket, if we get it. We have a very, very serious housing shortage.

There is a lot of positive talk. On my way to work this morning I heard comments by the Mayor of the City about people not being forced from their homes, and from Commissioner Roth of the City Commission about housing being a number one priority, and the Governor of the State has been saying that we need a regional approach to the housing problem. It is a good feeling to have these people supportive, but the question is, what good is this going to do us when winter comes and we don't have heat? Where are people going to go? The attitude of the population in Atlantic City is somewhat skeptical. It is not unlike a person who fell out of a fourteen story building, and he was heard to say as he passed each floor, so far so good. Well, the ground floor is upon us in the very near future.

There are a couple of clear observations that can be made by the Committee and everyone present. One of those is what the German philosopher Neitzche wrote, "No action is an action." If we do nothing, we are going to in effect make a choice and make a determination as to how we are going to act. The second observation, as distasteful as it may be to many people, is that the government in essence is going to become the houser of last resort. Whether it is the State government, local government, or Federal government, some housing is going to have to be provided, and it would do well to plan for alternatives, or how the

various governments are going to deal with it. The discussions today about the necessity for regional housing are important and should be looked at by this Committee and considered. The surrounding communities have an expectation to benefit from gambling. Everyone would like to see the owner of a casino build a \$100,000 home in their community. No one is particularly crazy about them putting up a housing project in their neighborhood for poor people. They kind of wish they would all just go away. Well, I think this Commission is aware of the effects of the decisions by the Supreme Court of this State in reference to the fair share obligation of communities, in developing communities, to provide their fair share of housing for low income people. I would think this Commission would be concerned with some of the responses that we have seen within the last year from those municipalities outside of Atlantic City and within Atlantic County. We had one community refuse the money that was being offered through the Community Development Block Grant Program because that program made a requirement that they had to submit a housing assistance plan to be eligible for the money. So, they turned the money down, nearly a million dollars, rather than grapple with the problem of what they are going to do to provide housing for a proportionate share of the low income people, under the naive belief that maybe the poor people will be prevented from moving into Galloway Township.

We had another Mayor, whose municipality has a large proportion of the migrant labor force, state that there were no poor people in his municipality. There is going to be a need to deal with the problem on a regional basis. Rather than to go on with the litany of problems that we face, which I feel the members of this Commission are aware of, I would like to propose some possible solutions wherein the State Legislature can have an effect. Obviously, number one on the list is going to be the zoning law. While the master plan is what everybody talks about, the zoning law is the teeth. The State Legislature doesn't pass the zoning law. Home rule is strong enough, and perhaps proper, that that isn't the State Legislature's business. It is the business of the Legislature, if this municipality or any other municipality would zone in such a way to force out the poor people, putting the burden of this houser of last resort on the State. The State should consider that when they are deciding what aid or what assistance that particular municipality is entitled to. So, I would think the State Legislature would be very interested in what the outcome of the zoning is within the City of Atlantic City, and I think you have a stake in it.

Another possibility is in the area of transfer of development rights. I was very pleased to see this referred to by one of the Commission members. I would like to give to Mr. Gormley, and make part of the testimony, a paper that is prepared on Housing Casino Development Transfer Program, An Alternative Approach to Solve Atlantic City's Housing Crisis. It was prepared by Mr. Joel Allenwood of my office, together with Mr. Bud Chavoosian, whom I am sure you are familiar with. Rather than read it, I would like it to become part of the record.

ASSEMBLYMAN GORMLEY: It will become part of the record.

MR. BEAKLEY: The transfer of development rights, as I am sure your Commission was involved through Assembly Bill 373, which is presently before the Senate, is a concept which is used for preservation of open spaces, preservation of farmland, preservation of landmarks, geographical structures, the Penn Central case being the most famous. We are advocating in our position that we made part of the record that this be considered in the preservation of low and moderate

income neighborhoods. This takes advantage of the opportunities of casino reinvestment, which, under the presently existing casino legislation the casinos are obligated to reinvest in the community. This gives a flexible plan, but one with direction for preserving housing without the expansion of State money, or the State buying land for land banking, but, rather, having the casinos that wish to develop purchase certain credits towards obtaining the property for deserving neighborhoods and construction. It is adaptable and can be used also with the Inner Local Services Act in the event that we find we are out of land, and we wish to develop the county or parts of the county. If we have the approval and consent of the county in those municipalities, the transfer of development rights program could be used in that avenue as well. So, I would submit that consideration be given to this. This particular paper has already been given to Mr. Lordi, as well as the master planner of Atlantic City, and some considerations and discussions have taken place. Mr. Allenwood who is here from my office is presently in the process of putting together a supplemental memorandum dealing with the implementation of this program, and I would like to make that available to the Committee upon its completion. Also, Mr. Allenwood is here if the Committee at this time would like to go through any technical questions regarding transfer of development rights as they apply to casinos.

Another area I would hope this Committee on the State Legislative level would consider - and one was touched on before - is the eviction for good cause statute which presently allows a landlord to take property off the rental market because of closing the property down. I think some investigation and consideration should be undertaken for deciding whether or not that should be amended in that we are losing our housing stock rapidly in Atlantic City by individuals who have purchased a property with the purpose of bulldozing them down.

Another area I would hope that this Committee would consider in legislation involves problems with relocation which has only been touched upon briefly. The Relocation Law of the State of New Jersey provides that before a municipality can force people to move and to compensate them, they have to have a workable relocation assistance plan approved by the State of New Jersey through the Department of Community Affairs. What has happened to Atlantic City is, they have told the city that they are only approving their RAT Plan to enable them to relocate people whose homes are deemed to be imminent hazards. Mr. Connelly of the Department of Community Affairs has advised the City of Atlantic City that this means that people cannot be relocated if the buildings are found to be unfit for human habitation. Now, the distinction here is something of a word game, and it is ridiculous. What they are saying is the Health Inspector could go in, look at an apartment, find out that there is no water, no utility services, no heat, and say this is unfit for a human being to live in, but that these people are not going to be eligible for relocation because the State has said that the event of a hazard can only be declared by the Chief Building Inspector, and that goes to constructional defects. In other words, you would have to have the senior housing inspector say the building is going to collapse and fall down on these people. Maybe they don't have any heat, and maybe there is no water, and maybe there are no utilities, but, that is not an imminent hazard. So, a large number of people who otherwise would be eligible for relocation assistance have to find a place, and, too, offsetting of the burden and expense of having to uproot their family and move is being denied because of the Department of Community Affairs' interpretation.

Additionally, I received a copy of a memorandum from Philip B. Caton of the Department of Community Affairs, which is addressed to all relocation offices, and it is headed, "Technical Bulletin Number Two." It says that the Commissioner has decided that victims of fire are not eligible for relocation assistance payments. What this means is that if you are burned out of your home, and your home is rendered unfit to live in, being destroyed by fire, you are not going to be eligible for any assistance through relocation. I would hope that this Commission would look into the Department of Community Affairs drastically limiting this to people who are eligible for any kind of assistance through relocation.

One final area that I would hope the Commission would recommend some assistance and help in is an area, again, that will not cost the State any money, but they can give the expertise and technical assistance which is already existing and is ongoing on the State level to various community groups. I am sure in your numerous hearings you are going to hear a great many well-meaning people express to you the problems and difficulties that they are facing - but not any solutions. One of the reasons is that people on the grassroots level and in the communities really lack the kind of expertise to put together any type of proposal for funds through the Community Development Block Grants or Title Twenty matching programs whereby they could generate some alleviation of the housing problems that they are facing. We were very fortunate in our office to have represented the Latin Organization of Atlantic City. We went before Atlantic City's Community Development Block Grant Program with a sketchy proposal of a bario. A bario is a combination housing and business district which will be constructed to make available housing for low and moderate income people of all races and various backgrounds. It would have a Spanish flavor, in order to provide something of a tourist attraction for people who will be coming to Atlantic City. The idea being basically to provide needed housing, and yet we would also have something to add to the community. People could come to Atlantic City and go to Gardener's Basin, and go fishing, and they could go to the bario and have some Spanish food and take in some Spanish culture.

They have been very fortunate in having the City go so far as to allocate funds for initial planning as to the feasibility - can this be done, is it possible, where are you going to do it. This type of expertise is not available to community groups who most need that, and I would suggest that the possibility of using the various experts and resources of the state be considered. Those experts and resources that are not fully utilized could be made available to community groups that have at least a conceptual idea of how to alleviate or how to deal with a problem, so we can put to use the resources that they have and the desire they have to do some work to correct the problem, rather than say, here is the problem, do something for us. We have to give the people some assistance, so that they can help themselves. That, in essence, is what I wanted to tell the Commission today.

ASSEMBLYMAN OLSZOWY: I would like a copy of that article, so I can study it prior to the transcript.

MR. BEAKLEY: I will make some copies available.

ASSEMBLYMAN OLSZOWY: I think it would be fair to say that whether the casinos were here or not, and this Commission was formed, we would have been in Atlantic City, because in our wisdom, as we decided where we should go, we were

interested in a resort city, an industrial city, such as Patterson, and we were interested in a port city, which would be Jersey City, and we were interested in an inner city, which would be Newark, but Newark is unique in itself. It is an inner city, and it is a transportation hub with Newark Airport and Penn Central, and it is also a port city with Port Newark. So, we are trying to get a cross-section of what is going on in New Jersey's larger cities. What is really important to us is the situation that has been created by the new industry here, gambling, and we do find different problems here than we did in Newark.

MR. BEAKLEY: I would hope that was true. All I really meant to indicate is that prior to the casino gambling, I never got phone calls from the New York Times or the Pittsburgh Press about what is happening in Atlantic City. There is a great deal of interest, but some of the interest is merely in the eccentric, perhaps, in writing a story. People call and ask what is happening in the inlet, or are there any other problems, and I might say, well, we have a housing project that has had a sewer problem for ten years. And they want to know where, and I will say, well, it is on the northside, and the reporter will say, well, my editor is not interested in the northside.

I am glad there is an interest, but I just wanted to express my concern about it.

ASSEMBLYMAN OLSZOWY: I am also on the Energy Committee, and believe me, we have more requests for information coming in about Atlantic City because of the offshore drilling than we do about gambling. These requests are coming from all over the United States. We were in Denver three weeks ago, and this is one thing that was discussed, not gambling, but they wanted to know if we were going to find oil, if so, how we were going to bring it ashore. Those are the questions which people are posing when they think about Atlantic City, New Jersey.

ASSEMBLYMAN GORMLEY: Thank you. The next speaker will be Jerald Savell.

ASSEMBLYMAN OLSZOWY: While we are waiting for Mr. Gormley, I would like to get into the record that I am rather upset and disappointed that no one is here from the Department of Community Affairs to give us some answers to questions we are interested in, such as, what the Department of Community Affairs is doing in Atlantic City. I understand our staff did send letters to the department to have some one here.

J E R A L D W. S A V E L L: I would like, first, to commend you gentlemen for having this hearing. I think it is very important. I think that the housing problem is something that was brought to the attention of my district Freeholder at the time I was a City Councilman in Pleasantville. I have since taken his place. We have been facing this problem in the county for some time, but I think the impact of casino gambling has brought it more to light.

I would have to concur with the President of the New Jersey Association of Tenants who talked here about the taking away of the present housing that people are living in. I don't think this was the intent of the casino gambling legislation. The legislation's primary purpose was to bring new development to Atlantic City, not to take away the housing stock that we presently have in the county and convert it into hotels and casinos. I think the city was looking for new ratables, for new business to come in. I think basically what is happening at the present time is that people are letting properties deteriorate and moving the people out.

I brought this up last year at a county freeholder's meeting with a lot of visual material, if you remember, Bill, of properties that the Department of Community Affairs let go to pot through lack of inspection. They were supposed to come in and inspect the multiple-family dwellings once every five years. Somehow these properties passed inspection or were passed temporarily. Since then, the State has, at least in one city, entered into a local-state cooperative program whereby the municipality does its own inspections.

I don't think we want to come down on these owners, have them forcibly taken to court and fined for these violations. I think what is needed is the passage of some legislation to force these people to correct these problems. You have heard about the different horror stories about windows being broken, toilets not operating and the heating system not working. The people just want a decent place to live. They don't want to be relocated. They want assurance that the apartment complex will be properly maintained. I think the big problem in displacing people in Atlantic City, as well as Pleasantville, has been caused by lack of proper enforcement of code violations. How do you get the people to correct the problem? You are going to have to come up with a legislative mechanism.

I think that we have plenty of housing stock in Atlantic City. I think that it is gradually being taken away from the people. I think that certain new developments are going to have to come, as they will, in the only other community that really has been taking care of the low- and moderate-income families, as well as the senior citizens; and, that is Pleasantville. I think you are well aware, Bill, as I am, that of the 23 municipalities in the county, only 2 of them are doing anything about it. When Atlantic City started tearing down in the area of the inlet, these people moved to Pleasantville. Public housing was provided. And what happened? This is the dilemma we are in.

I have had a meeting with the Mayor of Atlantic City. We have brought the

Commissioners before the Board of Freeholders. We are waiting for an assessment of the housing situation from the administration. I, personally, hope we can have a regional housing authority. I don't believe the Atlantic City Housing Authority or, for that matter, the City of Pleasantville, is interested in taking any more people in. I don't think they want to. I think that they have been overburdened. You had the Mayor of Ventnor here. It would have been nice if you had asked him how much subsidized housing is in Ventnor. We can talk about certain new developments for the wealthy, but we don't see it for the low- and moderate-income people. And they are going to be here and they are going to continue to come here.

As far as the Ritz, the Mayflower and the other apartment complexes, these properties are going to have to stay as they are until legislation is passed to provide these people with housing; otherwise, you are going to create an impossible monster. We already have it on the mainland in some of the communities which I represent, one in which you live, Bill, Absecon. I have had phone calls from senior citizens looking for housing. This is a community that can well afford and allow housing. So the two communities that have had to hassle with the problem and have had to turn people away because of waiting lists are going to have to have some relief. They have been providing some of the needs that the other communities refused to provide. It is going to have to be on a regional basis.

The funds are there. The funds are coming in. I was recently at a national convention where Pat Harris of HUD notified us that she is going to be implementing a new project for the rural areas. The concern has always been to develop housing in the urban areas. I think we have three areas - Egg Harbor Township, Galloway Township and Hamilton Township - that have the potential for development. Every other place is crowded to the brim. I know Margate and Ventnor are. But we do have some open space.

We have a problem with the State of New Jersey as far as transportation is concerned. This was brought up earlier. The county has been approved for a \$130,000 matching fund. This is all down to a signature. All we are waiting for is a signature for bussing senior citizens, implementing a new program. That comes from the Division of Youth and Family Services, who is handling the Title 20 money. It is a project that has been held up for some eight months. I am sure, Bill, you remember when we started last year to go after this funding.

These are some of the problems. I don't think anybody wants any more bureaucracy. The people are saying they have had enough. They need some help. Somebody has to do something to solve the problem.

I think you have got to pass some kind of legislation to permit the people to stay where they are presently living. The idea was to build new casinos in Atlantic City, not to keep acquiring old hotels, fixing them up and seeing how they go.

Another piece of legislation I would like to see passed is with respect to inspection. They should not just come down and assign somebody here for awhile, but make these people correct the problem. There have been some municipalities that are concerned about code enforcement. They don't have to go talk to the Department of Community Affairs; they can talk to their local code enforcement officer. But again, even here, the moneys have stopped coming in for these inspections. We have gone through the boarding home problem. Our senior citizens live there and they are going to be displaced out of these areas if proper code

enforcement isn't done. Again, how is it going to come about? Is it going to be that the owner is going to have violations thrown in his face and given notice to go to court? If so, then the guy will just sit back and tear the place down because he is waiting for some apartment complex that is going to rent to the wealthy who will move in, build a new motel, or something of that nature.

The Atlantic City Housing Authority has already shown you that they are not really interested in building more housing on their own. You have seen properties they owned converted into office buildings. This is what they sold them for. And I am not condemning Atlantic City. Atlantic City has had more than its fair share, as has the City of Pleasantville. The step we have to take is to develop some regional authority to handle the housing.

I would like to emphasize code enforcement of what is here now is important. What Atlantic City has to do is go around and inspect these places. When they find that they are in violation, as you have heard earlier by the lawyer before me, they don't bother to fix them up. They let them move the people out. That is unfortunate. They should preserve what these people have. You have some good housing stock here in Atlantic City. But it will go, because people will be moved out, as in the Ritz case. I don't think that was the intent of casino gambling. That is about where I will leave it. If you have any questions, I will be glad to try to answer them.

ASSEMBLYMAN GORMLEY: Thank you very much.

FREEHOLDER SAVELL: Thank you, Bill.

ASSEMBLYMAN GORMLEY: Israel Mosee.

I S R A E L M O S E E: First, I would like to thank Assemblyman Gormley and the Commission for giving me this opportunity to appear here this afternoon. Certainly I know that I was not scheduled to be here. I asked - I guess it was the secretary - for the opportunity.

ASSEMBLYMAN GORMLEY: That is why you are speaking at 25 to five.

MR. MOSEE: I think in a way it is tragic. But out of some tragedies, some good things come sometimes. And I am that good thing.

One of the things that I wish to recommend that the Commission do in the future --- You talk about things that you can do that are within your power. We find this hearing - and I imagine the rest of them are the same - seems to be rather sterile. We had appearing here today a blue-ribbon kind of hearing with important personalities talking about a problem that affects many people who are not even consulted as to their views.

My recommendation here, first of all, is to involve in the future, before everybody is tired and the day is gone and you are not really listening, with due respect to each of you - the day is long and I know how tired you must be --- that you involve some of the community people, particularly when you are talking about problems that affect people in the community. Early on, their views and their recommendations and their feelings should be part of your deliberations.

I am going to attempt to be as short as I can. I am not a long-winded person anyway.

There are some concerns that I have. I am not going to be wordy and dress it up. I am going to talk plain so I can make it short.

I noticed that many people talked about what is going to be here in 1980 and 1990 in terms of casinos and in terms of housing. From my point of view and from

the actual situation as it is occurring right now, we are 45 minutes past the hour of a crisis of housing. The housing situation in another six months, if it has not already happened, is going to be almost prohibitive for low- and moderate-income people. It is simply because of speculation and the land-banking that is being engaged in by the casino business and the Resort realtors and lawyers who are collecting property. We can talk about what will be here in 1990 after three or four casinos have been opened if we want to play on words and try to fool some people about what good things might come in the future.

Right now, one of the prime areas that has been discussed since this building was built for low-income housing has been the fact it has been sold to one of the casino complexes for a potential parking area. It was a place that was designated for housing in the north-side area, just about two blocks from here. That is indicative of what has been happening and what is happening now.

We already need, according to the estimate of the Relocation Office and the Housing Authority, 2500 homes. We already need that now. And that does not include the many houses that are being torn down and where people are being run out for various reasons. It might be because of the cutting off of heat or poor plumbing, or whatever. But, without that, there are 2500 units needed, admitted by these two agencies now. That number will accelerate in keeping with the speculation and the desire to chase people out, spurred by the increase in water bills and fuel bills in our present economy.

The other thing I wanted to mention is this. A number of people have rattled off figures about the employment problem. I think the man from the Housing Authority said in a couple of years there will be less unemployment and there will be almost zero unemployment. Say that is true; it still would not permit low-income level people to live in this area. The projection made as a result of the various studies that have been made, including the projections of the casinos and the Casino Commission, is that the income of the average person - the low income of the minority and the poor people and the elderly people in this community - will not be such that will permit low-income people to rent housing. The average house is projected at between \$55 and \$65 thousand. With the income level projected by these studies, low-income people would not be able to rent the houses and the apartments that would be built.

I am afraid that the community will be as sterile as these hearings. It will be a white, upper middle-class city if something drastic is not done in terms of providing now the potential for low-income housing.

I am sure by the expressions on your faces that you did not expect this kind of testimony.

ASSEMBLYMAN GORMLEY: I didn't know Commissioner Hollingsworth was white. That is the only thing that I am surprised about. You just made an inference and ---

MR. MOSEE: If you have some questions, I wish you would ask them after I am finished like you did with everybody else.

ASSEMBLYMAN GORMLEY: Go ahead.

MR. MOSEE: I wish you would ask the questions after the testimony. You permitted everyone else to give their testimony. If you have any questions, you can ask me later and I will answer.

The town has the potential, as I stated before, of being as sterile as

this hearing, in that, if you delay, it will be too late to involve low-income people in the housing stock. The land will be gone. The same thing will happen as it relates to the surrounding communities. I am sure you realize, if you have been studying the situation at all, in all the areas - Egg Harbor, Galloway Township, Mullica - there is high speculation in terms of the availability and the purchasing of land. The price of land has accelerated two, three, four and five times. Someone testified today - and it was also in the paper - that one developer was talking about building a bedroom community in Egg Harbor or somewhere in the county. He was buying up land anticipating that within five, ten or fifteen miles of Atlantic City there won't be any land available for housing. So they are making plans possibly to house their workers there. If you are going to have workers, you are going to have them somewhere near the place of employment. I think this casino complex is attempting to provide a place as near as they possibly can for their workers.

There is no real commitment in Atlantic City or the County in terms of leadership as far as housing is concerned. There is no action. There is no coordination. There is no planning. The master plan, as we have seen it thus far, has indicated where the bricks-and-mortar kind of things, the profiteering kind of things are going to go. We know where 18 casinos are going. We know where the transportation corridor is projected. We know where the convention facility is projected to be. But we do not know where housing and social service facilities are going to be. There must be some vehicle you can use, as Assemblypeople, with the same kind of force that was used in the Legislature, the Governor's Office, and the City Commissioners' offices, to get Resorts International open. The same kind of pressures used to get that casino underway can be used. You can use your good offices. You can use whatever legislative powers you have to make sure that housing is provided in this community now, not in 1980 or 1990.

Another vehicle that you have is the Casino Control Commission. It was created by a powerful piece of legislation. It has control over what the industry does in Atlantic City. As has been testified by other people here before, written into the agreement that is given to the casino developers should be some housing numbers on the basis of need and projected need. There should be a number set of how many houses these casinos should be involved in producing. Use your Casino Control Commission. Use the fair-share evaluations that have been made by the State Department of Community Affairs or whatever agency made that fair-share number for each of the communities in terms of developing housing.

The Freeholder just testified that Atlantic City and Pleasantville have done their share, even more than their share. There is a big question in my mind whether that is true or not. I think the man from the Housing Authority also made the same statement. I don't know what your share is in proportion to your poor population. I think that is how your fair share would have to be evaluated. I don't think it has been evaluated on that basis. I think it has been evaluated on the basis of what one or two people in their narrow opinion felt was a fair share in the statements that have been made.

There has to be some governmental intervention. There has to be some government subsidies if these kinds of things are going to take place.

Certainly, we have to deal with the rehabilitation of existing housing. Many facilities have been pointed out for use. One that was bought not too long ago was the Lit's Department Store. It had the potential of being rehabilitated

for housing - low- or moderate-income housing. There are some other existing buildings in Atlantic City that can be rehabilitated for immediate housing. There are some properties in Atlantic City held by the Tax Office that the city owns. Let them be used for housing.

ASSEMBLYMAN OLSZOWY: Excuse me. Could you possibly condense your testimony. I know you said you were going to be short. We have two more speakers. We normally end our hearings at 4:30, but in deference to Assemblyman Gormley, we have extended the time to five o'clock. At five o'clock, I am going to be leaving.

MR. MOSEE: I figured that would come sooner or later and I will make it short.

There are other buildings that can be rehabilitated in the city. The city owns land that can be used. There is the power of eminent domain. There is the concept of not making a financial profit by displacing people. These things should be implemented in terms of providing housing for low- and moderate-income people and the elderly.

That is the end of my comments. If you have some questions, which I am sure you ---

ASSEMBLYMAN OLSZOWY: I would love to ask you some questions, but we have two more people to speak.

MR. MOSEE: I understand.

ASSEMBLYMAN GORMLEY: Bessie Oliver. (Not present.)
Doris Sewell.

D O R I S S E W E L L: My name is Doris Sewell. I am the Director of the Welfare Rights Organization in Atlantic County.

Since it is late, I would like to speak on the subject of relocation funds for low- and moderate-income people who are being displaced in Atlantic City. We have clients come into our office and make a complaint that their homes are unfit to live in. We contact the Bureau of I and I. They send out an inspector. The houses are falling down. These people are being displaced, yet they are not receiving relocation funds. For example, I have one lady who had eight children, the back of her house fell completely off, and she did not receive her relocation money because the city refused to condemn the house. This is not fair to her.

ASSEMBLYMAN GORMLEY: I don't mean to interrupt. But the back ---

MS. SEWELL: The complete back of the house fell off.

ASSEMBLYMAN GORMLEY: The walls fell off?

MS. SEWELL: --- fell off. She had to put blankets up on the back of the house. This was during the wintertime and we had snow last winter. I know because I found a place for the lady. She had applied for her relocation funds and she was told that she could not receive them because the city did not condemn the building. This is not fair. The lady is paying more rent now than she was before because she could not get into the Housing Authority, also because the house was not condemned.

I would like to know if there is anything that this Commission can do about that? That is number one.

ASSEMBLYMAN OLSZOWY: First, I think the policy, if I am correct - and I may be incorrect -- but I think at one time the State paid all the funds for relocation. Now I think we are on a 50-50 basis. When you are on a 50-50 basis and the community has to give its 50 percent, then the local officials tighten up on the purse. When

they had State money, they didn't care how they gave it away. But when they are responsible for part of it, they are going to be very tight. I say that what they did, as you presented it to us, was wrong.

MS. SEWELL: I went to Trenton and testified at the Housing Hearing because the people were being displaced with two- and three-day notices.

I spoke to Mr. Jim Collins and Mary Ellen Marino. They came to the Welfare Rights Office and spent a day. We brought these people in. They promised this lady at that time that she would receive her relocation funds. Now they are telling us at the Trenton level that she won't receive them. At the time that she was displaced, she was entitled to the funds.

The next thing is emergency shelter for this winter. Last fall I went to a City Commission meeting and asked the Commissioners and the Mayor what had been done during the summer to make sure that our people would have emergency shelter for the winter. They said that they hadn't worked on it yet. So I asked whether there were any funds available from the city to assure us that our people would have some place to go. One of the Commissioners told me I was asking an ignorant question, which I did not think was ignorant.

So I want to know, is there anything that can be done this year for emergency shelter? I heard someone ask today if there are any buildings available. Yes, there are buildings available, but we need funds to either rent the buildings or to purchase them.

Two years ago, before the election, I told them that we were going to need emergency shelter because it never seemed to make sense to pay motels \$75 to \$100 a week to house welfare people. Then in the spring when everyone comes to the city, they put them out. This May alone, two motels were going to put out 84 on the street. The county said, okay, we have given you the 30-day emergency and we can't give any more; but they did give more. We had to fight for it. What sense does it make to put these people in motels in the winter and then when the spring comes, they say they are sorry but these people have to get out? There is no place for them to go. To me, it makes more sense for the county and the city to purchase a building or a couple of buildings. This would save the county and the city money and our people would have some place to go. I want to know if anything can be done about it.

ASSEMBLYMAN OLSZOWY: We discussed that in Newark and the question was raised: Would the people who were dislocated in Newark want to travel 15 or 20 miles away? What we thought of doing was having the original emergency-type setup. We are not saying we can do it. We can recommend that to the Governor and the Legislature, who will then have to act upon our recommendations. But in an immediate emergency, a three- or four-day emergency, you can always turn to the National Guard Armory.

MS. SEWELL: The National Guard Armory?

ASSEMBLYMAN OLSZOWY: In an immediate emergency, fire or whatever, where there is nowhere to go, I am positive they are not going to turn you away.

MS. SEWELL: What I don't understand is: Why would you pay a motel - some families have maybe eight or ten kids - \$800 a month when you could take this money and purchase a building that would be permanent for emergencies?

ASSEMBLYMAN GORMLEY: It seems very reasonable. Have you looked at any buildings? I am curious as to the cost.

MS. SEWELL: Yes, I know where there are some buildings.

ASSEMBLYMAN GORMLEY: What would be the total package? Do you have any idea of the cost of purchasing and refurbishing such a place? I imagine there might be some minor or major refurbishing necessary. What would be the cost of a project such as this?

MS. SEWELL: I don't know, but I can certainly get it to you. At one time, we tried to get money to purchase the Swan Hotel. That was before the gambling referendum. It was \$17 thousand. Now it is up to \$100 thousand, which doesn't make sense. The land the Commissioners are now saying they can't afford to buy they knew about before the gambling referendum. They should have purchased it then. Ever since then, they have been selling everything. If they are going to continue to sell, you are never going to have it. The 80 acres of land they promised for ten years they were going to put housing on - they put up fences around it to make parking lots out of it so fast that the kid's playground was still in there. But when I called, no one knew anything about it.

ASSEMBLYMAN OLSZOWY: I am going to approach this by a negative question. You buy a hotel with 10 or 15 units. You start filling it up. It is filled. You have another emergency. What do you do with the people who have been there two months or a month? Or would you set a limit when they must get out of that emergency unit? I am not criticizing. I am throwing negative questions at you to get answers.

MS. SEWELL: An emergency unit is used for just that - emergencies.

ASSEMBLYMAN OLSZOWY: How long would you feel that they would have to stay there?

MS. SEWELL: Thirty to maybe forty days.

ASSEMBLYMAN OLSZOWY: Not a permanent residency.

MS. SEWELL: No permanent residents. We found quite a few houses in the Housing Authority for the 84 families who were displaced before that they were saying they didn't have. We had to go from door to door and check. We had to find out how many children were there. One lady with four bedrooms had one child. This happens because they don't check. They have places sitting there for six months. When you call them and say, "This place is empty," they say, "Oh, it has to be painted." They have people to do this. Why don't they do the job?

ASSEMBLYMAN OLSZOWY: I raised the question because when we were on our lunch break, some of the girls approached me who were with some of the programs and said, "If we have a nice emergency home, although we would like to see it, we disagree with our associates because once we get the people in there and they like it, they don't want to move. Then they are going to accuse us of evicting them out of the home." So it is a touch-and-go situation.

MS. SEWELL: It is up to the staff of whatever agency would actually run this facility to get out and try to find places. This is what Welfare Rights did to get these two hotels empty. I feel that the hotels should not be allowed to exploit my people.

ASSEMBLYMAN OLSZOWY: We have what you talked about under consideration. That is one of our recommendations.

MS. SEWELL: I would also like to ask for technical assistance for the Welfare Rights Organization. We have had a lady come in under Title 20 and say,

"You are providing seven Title 20 services." I already knew that because I am on the Board. "Why aren't you getting Title 20 funds?" When you receive \$25 thousand a year to service, right now I think we have about 2,000 clients, and run your administration, it is very hard to have matching funds.

I would like to get technical assistance so Welfare Rights can really do the job that we would like to do. Thank you.

ASSEMBLYMAN GORMLEY: Thank you very much.

We are going to have one last witness and that will be it.

J O H N G R O S S M A N: I am John Grossman from the Park Lane Apartments. I will have to present this to you in very abbreviated form.

ASSEMBLYMAN OLSZOWY: John, you have been here all day. I think I will wait to hear your testimony.

MR. GROSSMAN: The problem has come up about buildings like the Ritz and the President, residential buildings, being bought for conversion into casino gambling hotels. We have a different problem at the Park Lane. We are not large enough to be converted into a casino hotel. But our problem is very, very serious because the building has been bought by Pennsylvania interests. Their purpose is to get all the present occupants out. Originally, they announced that they were going to convert it into a shared condominium, meaning that people would buy memberships and be entitled to stay a week or two weeks in an apartment for thirteen years. And they would have to pay \$5,000. But I happened to get hold of a paper from somebody else, which showed that, with charges for installments, interest charges, service charges, etc., it would come to over \$17,000.

Now they discovered that there is a provision in the fair rental laws that if a building is converted to a condominium, the present occupants would have to be notified and then given three years to relocate. Then they changed it from a shared condominium proposition to a vacation-membership proposal, which is the same thing but under a different name.

Then when they found that that was questionable, I was informed on my way over here this afternoon - I have been here all day - that an occupant got a notice that the house was being converted from a residential building to a commercial building.

These people undoubtedly are using all kinds of subterfuges to drive people who have lived in the house as residents, paying taxes, for years - and for a lifetime even - out of their apartments, in order that they can rent them on some kind of a commercial proposition, which they have varied from time to time, so that they can make a killing.

They have representatives, sales people, on the boardwalk, on the beach, on Pacific Avenue and Atlantic Avenue who are enticing people into the Park Lane building, which they are using as a business place now. They have people there who have been enticed there by promises like this. There are 10, 15 or 20 people in a small lobby that you have to fight your way through to get to the elevator to go up.

I would like you to take a look at this and you will see what the nature of that enterprise is.

ASSEMBLYMAN OLSZOWY: It is a vacation club plan.

ASSEMBLYMAN GORMLEY: Let that be marked in the record.

(See page 1X for invitation to visit the Park Lane.)

MR. GROSSMAN: Do you want to keep it as evidence?

ASSEMBLYMAN GORMLEY: Yes.

MR. GROSSMAN: You may.

People have been getting letters from them as their leases expire, prior to the expiration of the lease. It says, your lease will expire on such and such a date. It will not be renewed. - This is the approximate language. - It will not be renewed. You will be expected to vacate your apartment on that date.

Now there are elderly people there. They are not attorneys. They are not analysts. When they see that, "you will be expected to vacate your apartment on such and such a date," they think it is an eviction notice. One man almost 90, if he wasn't 90 - I don't know if he is alive yet - living in the apartment under me got a letter like that, read it, thought it was an eviction notice, and he fell unconscious to the floor and was taken to the hospital. He lay unconscious all night until he was discovered by a friend in the morning and taken to a hospital.

On the way back to the afternoon meeting here today, I was informed that a woman got a letter in which she was told that the house is being converted from a residential building to a commercial building. What do they mean by that? Are they going to manufacture there?

I am calling this to your attention. I am not going to take any more of your time. It is late. But the State rental statutes are involved here and they are monkeying all around them until they find a way by which they can accomplish their purpose. We are going to be driven out. This woman was told she would have to be out in 6 months. Can you find an apartment in 6 months? These people have been devoting their lives to the city. They have paid taxes either for a lifetime or for years and there is no humanity at all exhibited in this.

The first week that they had the building, we got a letter in which we were told that we could not use the passenger elevator, we would have to use the service elevator, because the passenger elevator was going to be used for their guests. What did they mean by their guests? They meant those people that they were pulling in off the boardwalk, off the beach, off Atlantic Avenue and Pacific Avenue.

Now I have spoken to some local authorities and they said, "You people will have to get a lawyer." When you reach our age, should you have to begin fighting legal battles in order to live in an apartment that somebody wants to turn into a gold mine for himself?

Gentlemen, I am not going to take any more time. Do you think you can do anything about the situation?

ASSEMBLYMAN GORMLEY: I will tell you that it is obviously a situation that we have to address. I couldn't attend the first hearing. This is the first hearing I have been present. A lot of things have been brought up, like this gimmick that you have just showed me on the yellow card.

MR. GROSSMAN: You can see from that the kind of proposition it is.

ASSEMBLYMAN GORMLEY: I can see that. These are things that have to be addressed by us. We have to analyze them.

MR. GROSSMAN: I think it is something that should be called to the

attention of the Attorney General, don't you?

ASSEMBLYMAN GORMLEY: I wouldn't shoot from the hip with that. It is something we have to look into - I admit - but I don't know as to the legality or illegality of what they are doing. I wouldn't want to rule on that or say that right now because when you use terminology like that you are assuming that something has been done that is criminal. That possibility always exists.

MR. GROSSMAN: I am not accusing them of being criminal. But certainly ---

ASSEMBLYMAN OLSZOWY: After looking at the brochure you gave us, I would say what they are doing is forming a vacation club, which is very prevalent in Florida and in the islands, where you buy a membership for \$4 or \$5 thousand and once a year you are entitled to use that for a \$5 or \$6 fee a week for the change of linens. You buy that either on a cash basis or on a monthly basis and it is good for 30 or 40 years.

MR. GROSSMAN: I am aware of that.

ASSEMBLYMAN OLSZOWY: I know because I got sucked into one.

MR. GROSSMAN: I am aware of that.

Gentlemen, as I say, I don't want to take too much of your time. I condensed this perhaps more than I should, so that it seems more scary than it should. Although when a man drops unconscious when he gets a letter that is purposely worded in a tricky way, I think it is something that merits attention, not only merits attention, but demands attention.

The point is that that is a legitimate business enterprise, the condominium business that you just mentioned, but they immediately departed from that when they found out that converting the house to a condominium would allow the people to stay in their apartments for three years. They immediately changed it to something else. Now they are changing to something commercial; it is going to be a commercial building.

What are we to do? I don't think people of our age - and there are people more feeble than I in the building, as you must realize from what I told you about that one case - should be told, "Hire a lawyer. Go to court about it." I think if casino gambling was brought to Atlantic City for the benefit of the city and the State and for the benefit of the people living in Atlantic City, that there has to be some power in existing authority to see that it isn't distorted in this fashion. I am not saying they are doing anything illegal. But I am saying that people at our age - and there are people in the building more feeble than I am - shouldn't be faced with a situation where we have to go to law in order to know that we have a place to lay our heads. That is what I am saying. Now can anything be done?

ASSEMBLYMAN GORMLEY: I really couldn't give you an answer off the top of my head. We have to look into it. I, certainly, will not give you a promise that something definitely will be done and tell you exactly what it is because I wouldn't be able to back it up right now. But I promise you we will look into it.

MR. GROSSMAN: There are people from the building back here. There are other people who know that we are taking this up with you now. What can I tell them?

ASSEMBLYMAN GORMLEY: Mr. Grossman, you can leave me your phone number. We are going to be looking into the situation. I can't promise an immediate solution. But I can say that we will look into your predicament. I am not

going to throw promises around because that is the worst way to ruin your credibility if you don't come through. But we will promise to look into it.

MR. GROSSMAN: We certainly will appreciate anything you can do.

ASSEMBLYMAN OLSZOWY: There is a gentleman here from the Cape-Atlantic Legal Services. I don't know whether their services extend into Atlantic City. Do they?

MR. BEAKLEY: It depends on the income of the parties as to whether they are eligible.

ASSEMBLYMAN OLSZOWY: Well then, I would find the poorest one in the building and have him contact you.

MR. GROSSMAN: Shall I leave my address with you?

ASSEMBLYMAN GORMLEY: Yes, if you will. Give me your phone number also, Mr. Grossman.

MR. GROSSMAN: You want the area code too - 609 ---

ASSEMBLYMAN GORMLEY: I live here.

MR. GROSSMAN: (Continuing) --- 345-0103.

ASSEMBLYMAN GORMLEY: I wish to thank everyone very much for attending today.

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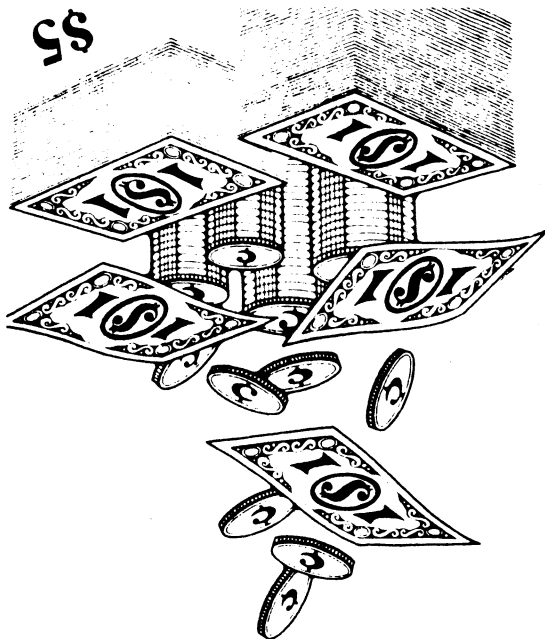
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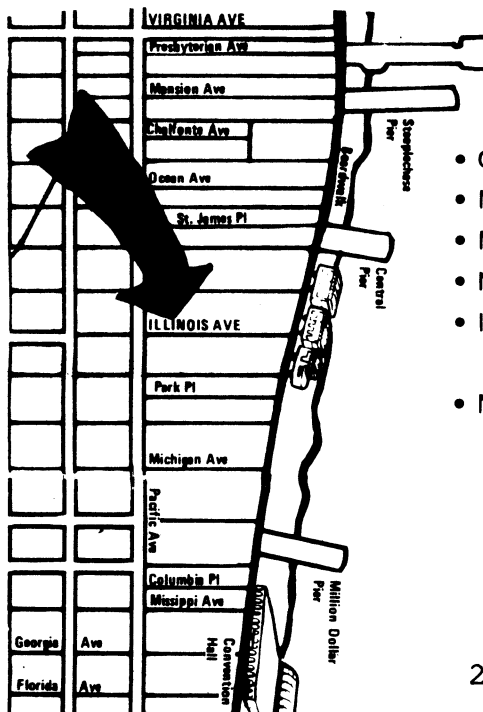
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- Must be gainfully employed



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