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P U B L I C H E A R I N G

before

ASSEMBLY URBAN POLICY AND WATERFRONT DEVELOPMENT COMMITTEE

A Discussion of Condominium Conversions

May 6, 1987
St. Joseph's of the Palisades
High School
West New York, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Assemblyman Ronald A. Dario, Chairman
Assemblyman Frank J. Gargiulo

ALSO PRESENT:

John A. White
Office of Legislative Services
Aide, Assembly Urban Policy and
Waterfront Development Committee

New Jersey State Library

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Trenton, New Jersey 08625



New Jersey State Legislature

**ASSEMBLY URBAN POLICY AND
WATERFRONT DEVELOPMENT COMMITTEE**

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April 24, 1987

NOTICE OF PUBLIC HEARING

The Urban Policy and Waterfront Development Committee will hold a public hearing on Wednesday, May 6, 1987 at 8:00 p.m. in the Cafeteria of St. Joseph's of the Palisades High School, 5400 Broadway, West New York, New Jersey.

The purpose of this hearing is to discuss condominium conversions.

Anyone wishing to testify should contact John White, Committee Aide, at (609) 292-1596.

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ASSEMBLYMAN RONALD A. DARIO (Chairman): (Prior to opening the public hearing, Chairman Dario introduces the Assembly Committee to the audience. He then introduces Assemblyman Catrillo, and calls him up to the witness stand. At this point recording begins.)

ASSEMBLYMAN CHARLES J. CATRILLO: Thank you, Chairman Dario. Before I begin I just want to say a few words about Chairman Dario. (audience informs Assemblyman Catrillo that they can't hear him) Before I begin, I just want to say a special thank you to Chairman Ron Dario for bringing the legislative process to the people of Hudson County, and not expecting them to go to Trenton to testify.

In addition to that, I want to again thank him for having the courage to accept this bill. As you know, this bill was held up in the Housing Committee of the Assembly for six months, and very frankly, as you can see, this is a somewhat controversial bill. I'm quite sure that many chairmen of many committees would not want this bill in their committee because of the controversy it sparks. When you have a controversial bill there can be a down side as well as an up side. But Ron Dario has put aside those considerations and has decided to have this bill placed in his Committee -- where it will be placed on May 18 when we go back in session -- and I think that's an act of outstanding courage on Ron Dario's part, and I just want to thank him for that.

Now, the purpose of this meeting is severalfold, actually. It is not really necessarily on my bill 3283. It is more a public hearing on the concept of condo conversions, and the limitations that may be imposed on the condo conversion process if the Legislature and the Governor see fit. But it is important to have a fact-finding hearing like this. It's important because legally you have to lay a factual background. You have to lay a groundwork. This is a controversial bill. If it passes, it is sure to be tested in

the courts on constitutional grounds and other grounds. And the judges who will ultimately decide the fate of this bill need to be guided by a factual basis, a background, a record. That is what we're doing tonight and what we'll be doing in other public hearings, laying that groundwork.

I know in the Senate last week, Senator Jackman introduced a bill and they had a committee hearing almost immediately. Honestly, although I am very happy that he introduced the bill, and I'm happy that the Senate committee had the hearing and passed the bill out of their committee, still I think it would have been better to have hearings like this on the Senate side to lay the groundwork for future attacks.

I don't really want to get too involved with the technical aspects of my particular bill 3283. I think we all basically know what it's about. It basically says that before a building can be converted into a condo or coop, you have to get 50% plus one of the eligible tenants who are going to vote there, to allow it to happen; to give the tenants some voice in the condo conversion process.

Now, some people would have you believe that this is some kind of radical departure; that this is some kind of un-American thing. Well, the only thing is that if you go right across the river to New York City you'll find that they have this rule. If you go to Westchester County in New York--
(negative reaction from audience)

ASSEMBLYMAN DARIO: Ladies and gentlemen, we need your help. Please consider what I said. We'd like to all work together. In order for the pros and cons to be heard, we do have to have some order. Believe me, it will be best that we control our emotions. We can accomplish things together.

ASSEMBLYMAN CATRILLO. Thank you, Ron. As I was saying, there would be some who would have you think that this is a radical bill, something brand new. It has been in effect

in New York City for a number of years. It's in effect in Westchester County and Nassau County in New York. The last time I looked across the river, the last time I picked up a New York Times-- (audience reacts negatively)

ASSEMBLYMAN DARIO: Ladies and gentlemen, I have spoken on two or three occasions-- Ladies and gentlemen, I am going to have to be a little more forceful in telling you something, and this goes for both pros and cons on the bill. If I have to, I will ask you to leave. I don't want to resort to that, because as I said, we can accomplish some things tonight if we can just hear each other. So please, if need be I may ask you to leave. We do have some policemen here. I don't want to get to that stage, because I know if we all pay attention we can accomplish some work tonight. Mr. Catrillo. Assemblyman?

ASSEMBLYMAN CATRILLO: For the fourth or fifth time, thank you Ron. You know, I think we can disagree without necessarily becoming disagreeable people. I think that it doesn't speak well to the professionalism of some people to come here and just try to disrupt a public hearing. I'm not sure that anybody, any profession -- be it the real estate profession or any other profession -- is well-served by rowdiness. So I think if we would all just be sort of respectful to each other, we can get through tonight without too much of a hassle.

As I was saying, there are some who think this is a radical bill. I point to New York City. This bill has been in effect in New York City for a number of years. The last time I picked up The New York Times, I saw a whole bunch of advertisements for condos being sold, buildings going condo. It doesn't seem to have affected the real estate market in New York City to any great degree. In fact, I have had many real estate brokers tell me, "You know, you're right. We don't have any problem operating in New York under these rules."

All right, now, talking about the bill itself -- my bill particularly. Right now my bill is in a rough draft stage. It is not finalized. I never meant it to be finalized. I was waiting and hoping -- and waiting a long time -- to have hearings on the bill, so that we can begin to draft some amendments that may be able to satisfy some people, and may be able to strengthen the bill. I have worked very closely on these amendments by the way with Joan Pransky and Phyllis Salow-Kaye of the NJTO, who have been very very helpful in drafting these amendments.

One amendment I want to talk about, because it's something that's been in the paper that is not in the Senate version of this bill and I think it's very important to have it in, is the retroactivity clause. I think a bill of this nature without a retroactivity clause is of no value, because by the time we get it passed you'll all be gone. So that my bill, if it doesn't have a retroactivity clause, I won't sponsor it, flat out.

Now, with regard to the retroactivity clause, it is a very tricky constitutional problem to involve retroactivity clauses in any piece of legislation. However, I have worked with a number of other attorneys -- including again Joan Pransky. We've worked a long time on that, on the retroactivity clauses, and I believe we have a retroactivity clause which can pass constitutional muster. It is ready. It is ready to be inserted, and at the proper time in the full Committee hearing I will make that amendment.

One amendment that my bill will not have, is a limitation to just Hudson County. That's ludicrous. For two reasons: One -- now again this is the Senate bill. The Senate version came out last week and it says just in Hudson County. Well let me tell you what that's all about. Hudson, Bergen, and Essex, the big three, the first class counties--

UNIDENTIFIED MEMBER OF AUDIENCE: Hudson.

ASSEMBLYMAN CATRILLO: Just Hudson? All right. I've read two conflicting reports. One newspaper said just Hudson, and the other one said Hudson, Bergen, and Essex. It doesn't make any difference. It doesn't make any difference. (negative response from audience)

Maybe some people are not aware of the legislative process because they've never been elected to a statewide office, but when you're a legislator and your bill is being heard, you have the right to speak on the bill. Thank you.

I was talking about the constitutionality of a retroactivity clause. I think we have it in place. As I said, I don't want this bill limited to just Hudson, Bergen, and Essex. The reason for that is very simple. It's an old trick the lobbyists use in Trenton. When they have an unpopular bill they say, "Look, stick in a clause that says this bill is limited to just the first class counties, or the second class counties." I want to tell you as a teacher of constitutional law, those kinds of laws are invariably declared unconstitutional because of equal protection problems. In order to limit legislation to any particular county or counties, there has to be a solid basis in fact for doing that. In the Senate version there is no solid basis of fact for limiting the bill to just the first class counties, therefore my bill will not contain such a limitation.

I may entertain an amendment concerning limitation on the bill. That limitation will be geared towards those towns which have housing emergencies. In order to control rent control, in effect your town first must declare that there is a housing emergency in your city. I think if we tried to limit our legislation to those towns that have housing emergencies -- declared housing emergencies -- that would be enough of a limitation without making it unconstitutional.

I'd just like to speak for one moment on the reasons why we need this bill, or similar legislation; and whether or not this bill is fair or unfair to owners of property. Very simply, the people of New Jersey need some protection from economic forces that are beyond their control. This concept of protecting people from economic forces that are beyond their control is nothing new. (negative response from audience)

ASSEMBLYMAN DARIO: May I have your attention. All right, Mr. Assemblyman, continue please. (audience continues arguing) May we have your attention please? May we have your attention? Mr. Assemblyman, continue.

ASSEMBLYMAN CATRILLO: Thank you. The condo conversion craze is fueled by the profit motive. We know that. Landlords convert because they can make more money doing it. Personally, I can't blame them. They're in the business of making money with their property, and that's what they want to do. No, what they say, however, when we talk about legislation such as I am proposing, is that, "Isn't that legislation un-American? Isn't that against the profit motive? Isn't that against free enterprise?" Well, you know free enterprise is terrific, and it is almost always upheld by the courts, except certain times. There are certain times when the courts have recognized that the profit motive has to give way to basic human needs. That's what we have in this bill. We have a conflict between proprietary rights and human rights. The right to make a profit versus the right to live in your home. (loud reaction from audience)

Just to digress for one minute-- I purposely didn't prepare an inflammatory speech to try to get around all this. I'm trying to say things and stick to the facts as closely as possible, but with this crowd I think anything's inflammatory at this point.

But getting back to the point about limiting profit motive. During the appeal that followed the enactment of the 1964 Civil Rights Act, there was a restaurant in Alabama. It's called Ollie's Barbecue. Ollie's Barbecue refused to serve Negroes. They said that if they did that, the owners said in the court, in the deposition that was taken he said, "Look, I don't have anything against blacks, but if I serve them my business goes down. It's bad for business." And the Supreme Court came back and said, "Look, pal, that's too bad. You can't deny people their human rights, their basic civil rights, just because you want to make more money." Blacks are allowed to come in, and people should be allowed to live in their homes.

People need three basic items: They need food, they need clothing, and they need shelter. When one of these basics is being denied to them then it is the job of the government to come in and protect its people. And that's exactly what we're doing by this bill. We're stepping in and trying to protect people.

Mr. Chairman, that is why I authored this bill. That is why I fought for it so hard. And quite honestly, I'm proud of it. Thank you. (Assemblyman Catrillo takes a seat with the Committee, as the crowd reacts loudly to his testimony)

ASSEMBLYMAN DARIO: Ladies and gentlemen, again, in order for us to accomplish some work tonight, I'd appreciate if we keep the talking down. The next speaker would be Senator Chris Jackman.

SENATOR CHRISTOPHER J. JACKMAN: If you want to be impolite you can do what you want, but I just want to let you know at the outset that no matter how much you boo me, no matter how much you try to yell, I just want you to know one thing. I'm not impressed by anybody trying to boo me, and think I'm scared. I'm not. That's number one. Number two-- (loud reaction from audience) First of all I'm going to shock you. While you're booing, the bill is going to be voted

on Monday. Now I know that some of you people bust in here in order to create a disturbance, and I was told about it by even some of the landlords that told me what they were going to do. But you see what happens, you don't vote for that particular bill. That bill-- (audience reacts loudly)

Why the hell don't you shut up and be polite? Let me tell you something. If the people that want to listen to the speakers, it's unfair to the public who wants to hear. I want to be fair to everybody.

ASSEMBLYMAN DARIO: Ladies and gentlemen. Can you please look up front? Chris Jackman and Ron Dario are on two different sides politically. All right? And we're standing together trying to accomplish something. I'm opposed to him. He's opposed to me. But maybe, just maybe, if we pay attention a little bit we can help. Remember the key word is fairness, and if we don't get it I will ask the policemen to remove you. Whether you're a mayor, a senator, a governor, I'll move you out of here.

SENATOR JACKMAN: Please. Can I ask you something? Just give me an opportunity. You have a right to disagree with me, but just listen. I had the privilege to discuss the subject matter with some of the landlords when they were down in Trenton the other day. We're not in agreement on some things, and with some things we were in agreement. I'm not going to try to kid anybody. The bill that I have introduced and was released from committee, was Mr. Catrillo's bill. That bill was not approved by even some of the tenant organizations. They didn't like the bill. In that bill there was no retroactivity. There were other things that were not in there, and they asked, "Why?" I'll give you an answer, very simple.

Number one, when I presented the bill I thought there would be no opposition. (reaction from audience) Just listen. Listen for a minute. Would you listen?

The vote was taken not to move the bill unless it was amended. The bill was then amended supposedly to cover the first class counties, where the immediate problems were. I say this without any fear of contradiction. Some of the people that are members of the Assembly and the Senate were not in agreement with the bill because some of them came from Cape May.

Now let me make a statement, and I'll make it very brief. I said this publicly in front of the builders. I went to the builders' breakfast, and what I'm saying to you here now, I said to them. I wasn't ashamed. I told them why I was trying to accomplish something. I don't disagree if you want to convert factories into housing. We need housing. No question about it. But I do say that when you have problems that are already there for 25 years, and the people are living there, how in the hell can they pay \$200,000 for an apartment when they can't afford-- (audience reacts loudly)

All right, let me finish by saying this. If anybody in this room thinks that anything is accomplished by booing, I don't think it is. (audience starts contradicting Senator Jackman) What was inflammatory? (more audience reaction) Please, please, please. You know, when I said it, it wasn't disagreed to by the builders when I said it. So let's not kid ourselves. Ask some of the people sitting here. Ask the lady. (audience continues to react loudly)

Okay. Let me prove one thing. Do what you want. But I think the majority of the people that you're going to try to hurt -- the people in this room -- a lot of them don't come from West New York I'll guarantee you that.

ASSEMBLYMAN DARIO: Thank you, Chris. Okay, ladies and gentlemen, we need your help. Bob DeRuggiero says let's limit it to five minutes. I tend to agree, but again, we need your help to continue the clock. So please, try to refrain from applause or boos. Let's listen, and let's try to get some input, so when we get to Trenton perhaps we can deliver some

fair legislation. At this time I would like to call on a very hard working Assemblyman, and that's Jose Arango.

A S S E M B L Y M A N J O S E O. A R A N G O: Mr. Chairman, first of all I want to thank you for the opportunity that you've given us. I want to thank each and every one of you, because this is America. You can express whatever you feel.

Also, I want to tell you one thing. I'm the prime co-sponsor of this bill, and this bill is going to pass the Assembly, no doubt about it. I'm going to tell you one thing. We have to respect the Constitution of the United States, and I love it; the Constitution of the United States. But what about the rights of the poor people and the working people of Hudson County and the State of New Jersey?

Like Assemblyman Catrillo said before, we are going to save the tenants in the State of New Jersey. I'm here working hard together with Senator Jackman, Dario, Gargiulo, Catrillo, on this legislation. We're going to bring peace for our tenants. We're going to bring security for our tenants. God bless you all.

ASSEMBLYMAN DARIO: Ladies and gentlemen, moving right along, there's a list of names that I'll start calling. And for those who signed -- and we're going to try to keep it down between three to five so many can be heard. At this time I'd like to call on -- excuse me for how I pronounce the names -- Phyllis Salow-Kaye, a tenant advocate. Phyllis?

P H Y L L I S S A L O W - K A Y E: Mr. Chairman, I assume that this is an official legislative hearing, because it wasn't in fact published in my legislative calendar. I have been to Trenton for 14 years, and I've been on all sides of issues, and I've never seen speakers treated with such contempt. I'm afraid to leave this meeting tonight. There are tenants here who are afraid to walk out of this-- (inaudible because of loud reaction from audience)

ASSEMBLYMAN DARIO: All right, listen carefully. Remember something. We will have people that are pro, people who are con. So give each and every one of them proper respect. We have three minutes of time, so Phyllis please get right to the nitty-gritty.

MS. SALOW-KAYE: I won't talk about the bill, because all the tenants here who have been displaced or are in the process of it, can talk about it. I'll talk about what's gone on the last three days about the two bills. That is, we're getting hundreds of calls each day from tenants telling us the bill has to be passed, and also telling us what we here already know tonight, and that is that our rent money is being used to finance professional signs, hats that cost money, stickers that cost money. And they're trying-- (audience reacts loudly so witness' comment is inaudible) We made our signs, each tenant here that's faced with displacement.

New Jersey has the strongest tenant protections in the country. This concerns our bill. It's weaker than New York, Massachusetts, and California. But it's the best that we think we can get. And we urge you the legislators-- We can't give you lots of money. We can't make professional signs. We can't wear hats that cost what some people spend on food each day. We need your help to pass this bill, and don't get bought out by dinners at Windows on the World. We can't take you to Wendy's. But know that we need to stay in our homes, we need protection, and we're calling on you -- both Democrats and Republicans -- to help save our homes. Thank you

ASSEMBLYMAN DARIO: I'd like to call Barry Segall. Barry?

B A R R Y S E G A L L: (witness would not come to microphone. Instead, he led the audience in a loud protest, causing his entire testimony to be inaudible. Shouts of "We want freedom" can be heard)

ASSEMBLYMAN DARIO: Ladies and gentlemen, can we have some room there please, so he could testify. Mayor DeFino? Is Mayor DeFino here? Mayor DeFino? (Mayor comes forward) Can we have it quiet please? Can you show the speaker some quiet? Ladies and gentlemen, let's show respect. Again, as I told you before. I've shown respect to my opponent Chris Jackman. Mayor DeFino and I are not on the same political sides either. But please give him the respect. Listen, and perhaps he could give you some words of wisdom.

MAYOR ANTHONY M. D E F I N O: Members of the Assembly Committee, I just simply say this here to all the tenants that are here, you made a big mistake tonight, because you permitted all the landlords' lobbyists to come here, when we need affordable housing for tenants, and the people are being put on the street. This hearing is not necessary.

I'd like to make a suggestion. (crowd continues to react loudly) I'd like to make a suggestion. Excuse me. Are we here-- I can't speak. I'd like to make a suggestion if possible. The Senate has this bill open for debate Monday. Instead of wasting time here -- I know you mean well -- why don't you go down to Trenton, get this bill on the debate, get the Governor to come out, and vote once and for all for the tenants, now?

By the way, I wish to make a statement. West New York is in court. We passed a moratorium ordinance, and guess who is coming in tomorrow to represent the interests of the landlords against us? The Attorney General of the State of New Jersey. I can't believe it. I can't believe it. Stop the bullshit and-- (inaudible because of crowd noise)

ASSEMBLYMAN DARIO: Our next speaker-- Again, we do need your cooperation. Let me just say this again, we do need your cooperation. Let me answer the Mayor. We invited everyone here. This is America. Because this is not a-- (inaudible) --does not mean that I won't stand here and

listen. We are here for the very reason of listening to both sides. I'm not afraid of standing here. I'm not afraid of being booed, and I'm not afraid of being cheered. I'm here for one reasons, fairness. And in this country we should listen to both views in order to come up with fairness. The next speaker is Nannette Mendoza.

N A N N E T T E M E N D O Z A: The first comment I'd like to make is that I thought we'd have an intelligent debate here tonight. Instead, we have a farce. Again, what you're doing tonight with all of your paraphernalia and your hooing and your booing is a prime example of what you're doing to the tenants. At least hear us. You're talking about our homes and our lives. And you're sitting there with all your paraphernalia that you paid for, looking at us, and acting as if this is another day for you. This is our lives and our homes. Give us a chance and listen. Listen.

Another thing that you have to understand is that if you don't hear us out, we're not going to hear you out and nothing will be solved. Let us speak. I would say that some of these people should start to be thrown out. We're willing to sit and listen to you. We're willing to listen to you. Please listen to us. (audience continues to respond loudly)

ASSEMBLYMAN DARIO: Excuse me, let me get attention. We do have to clear that area a little bit, so please move back. If you don't move back I've got to ask the police to come in and move you back, and I don't want to do that.

MS. MENDOZA: Thank you.

ASSEMBLYMAN DARIO: All right. Nannette, will you continue please? We're using your time. Nannette, please continue.

MS. MENDOZA: Well, I hope they're not using my time, because you can be sure that when they get up they're not going to be heard either. I'll go on.

A few years ago, I was first introduced to conversion when I heard about Hoboken converting. And I thought, "Where did all these people go, who were mostly minorities then and it was unspoken about?" Well, now it's spread over most of Hudson County, and these people are not merely minorities. These people are well-educated, well-groomed and hard working just like you. And the one thing we're lacking is money, unlike you. The people are old, disabled, young, middle-aged, and of all origins and nationalities. Some of them are veterans who have fought for their country in the past wars, and are now fighting within their own country simply for a home to live in. If they are denied the fundamental right of taking care of themselves, it then becomes the responsibility of the municipalities and the State to find homes for these homeless people.

The people here are not solely against conversions per se -- but against the fact that because of the unaffordable price to buy they are ultimately displaced. For example, there are new buildings, new condos, going up on 45th Street right here in North Bergen. Fine, build those. Take factories, renovate them, old homes, churches -- such as in Hoboken -- fine.

And in answer to some of the real estate lobbyists, let me give you an example of how real estate moguls work. Our landlord purchased our home a mere two-and-a-half years ago for \$150,000, less \$70,000 insurance settlement for a recent fire, costing him \$80,000 for an 18-unit apartment building on Boulevard East; \$30,000 down payment. At this point in time, if he were merely to turn around and sell the building he would stand to make \$300,000 or more, but this isn't enough. He wants \$1 million to \$2 million at our expense. He has only been doing cosmetic work, merely to satisfy local and State violations. Major jobs such as pointing, plumbing, and moving fuse boxes for the safety of the people, he refuses to do. Any

work to improve has been done by the tenants themselves. Now he wants us to buy back our apartment so he could make money.

Another point, real estate lobbyists are the people that have made the market unaffordable. They mark up the price an incredible percentage. They have controlled the real estate market. Carolyn Sadlawn (phonetic spelling) made comments at the April 15 town meeting at Town Hall in North Bergen. She and other real estate people are afraid that North Bergen will become another South Bronx. May I remind you that it is the people and not the landlords that have maintained these buildings? Just because you may be able to sell a condo to someone who can afford to buy it, doesn't mean--

Okay, one last point that I'd like to make. That is, class does not come with a degree, fancy clothes, and fancy cars. Class most of all does not come with money, because you don't have any class. We do.

ASSEMBLYMAN DARIO: Our next speaker, Mr. Bob DeRuggiero. Bob?

R O B E R T D e R U G G I E R O: I'm going to make an unreasonable request, and the request is that the property owners not applaud and not boo, and the tenants not applaud and not boo, because I've got something to say.

First of all I'd like to point out a couple of flaws that were spoken. The New York laws have no reasonable resemblance to the laws that were introduced. New York laws operate under a non eviction plan. That means the tenants cannot be evicted. There were virtually no non eviction plans, number one.

2) I'd like to point out that senior citizens who earn under \$35,000 in the State of New Jersey cannot be evicted, number one. (audience responds loudly) I made a request, and I ask you to respect the request.

3) If you're handicapped you cannot be evicted.

4) If you are--

ASSEMBLYMAN DARIO: Ladies and gentlemen--

MR. DeRUGGIERO: If you are a tenant, you have up to eight years under present law, eight years. I'm sorry. The law says you have an initial three years notice, and you can get up to five one-year extensions.

Now let me ask another question.

ASSEMBLYMAN DARIO: Bob, let me interrupt you one second. We will not continue unless we move everyone back there back to the side. Everyone in the rear back to the sides. Officer, we want to clear the area so the speaker can be heard. (police officers try to restore order)

MR. DeRUGGIERO: I would like to know if the legislators that contrive these bills have looked at the long-term effect on Hudson County. I want to know, have you looked at the laborers, the contractors, the electricians, the plumbers, the bankers, the surveyors, the lawyers -- not only the real estate people-- What's going to happen? What's going to happen to the unemployment rate in this county if this bill is passed? We believe if you take away the incentive you're going to see the South Bronx. If you want to see that happen, then pass this bill.

ASSEMBLYMAN DARIO: Our next speaker, please acknowledge if you're here. I have a David Bassoff (phonetic spelling) (audience asks Chairman to follow the list of speakers) I am going by the list. This list was submitted also to Trenton. This one was here two weeks ago in Trenton. People called to testify. Is there a Roberto Speer? (affirmative response from audience) Good guess, wasn't it?

ROBERTO SPEER: That's why I say to you go by the list, because I was the fourth or fifth one that signed that list.

Good evening ladies and gentlemen. My name is Roberto Speer. I live in Weehawken. I pay my landlord's expenses, and he makes a good profit. Tenants, I'm not just a voiceless

number. There are people who live and work throughout these United States of America, including New Jersey. We also pay our landlord's real estate taxes, and we pay our own income taxes.

Here in Hudson County, families are being evicted by unscrupulous landlords, and they are doing this because they are not allowed to do this elsewhere. For example, in New York City almost all conversions -- about 97% -- are non evictions. It appears that the New York legislators are more sensitive to the needs of their constituents.

You are now telling us that being elected is important. It is now just before the election, and there are hearings on condominium conversions. Are you for real? Are you just trying to get our goat?

I have been told that 6000 apartment units were converted last year in Hudson County. What is going on now? This year so far, at the beginning of January there were 2000 applications for conversion. You are telling us that you are for real?

And the last thing I want to tell you-- You just had an example of what tenants have to face with these landlords trying to intimidate us tonight so we cannot be heard. I hope that when you go to the floor and vote for the bill, do the right choice. Remember, pretty soon you will be representatives for a ghost town, or the people that just come to sleep in Hudson County. They don't care about this county. Thank you very much.

ASSEMBLYMAN DARIO: After this speaker we're going to take a 10 minute break. The next speaker is Mr. James Etgers (phonetic spelling)? Did I pronounce it correctly? Is Mr. Etgers here? (no response) Is Neil DePaul here?

N E L L D e P A U L: That's me.

ASSEMBLYMAN DARIO: I'm sorry, Nell.

MS. DePAUL: This is going to be a very quick speech because I have all the answers. I have no doubt about how to solve this problem. I think the only way to do it is to have the tenants appoint a committee, and the landlords appoint a committee, to decide on a year -- sometime between 1970 and 1980 -- that will cut off the time whereby landlords will be permitted to convert to condos.

I think it's important that they pick a year, because for instance, in my building -- which is 80 years old -- they're converting as is. The place is falling apart, and we're asked to pay \$65,000. But what can happen without a time limit, without a year, is what's happening in Parkchester right now -- which I'm sure most of you, at least the landlords, have heard about -- whereby Helmsley Speer is being sued a half a billion dollars by tenants in 171 buildings for failing to put in electricity and plumbing. This is now in the Supreme Court. It's been in the Supreme Court for three years at a cost of thousands of dollars to the tenants, which is not doing the tenants doing any good, or the landlords any good. The only way out of this is to establish a year whereby it is stupid to convert an old building. Thank you very much.

ASSEMBLYMAN DARIO: Thank you ma'am. It is now 9 o'clock. We will continue at 9:15. We'll stay here as long as you want to be here. I have the wrong time. We'll be back at five after nine. Ladies and gentlemen, would you kindly clear this area?

(RECESS)

AFTER RECESS:

ASSEMBLYMAN DARIO: Our next speaker -- and again we're going to try to stay between three and five -- Mr. Herbert Phillips? Ladies and gentlemen, in order to continue

-- and perhaps as we go along-- I know standing here listening to some people talk, you get to start to realize that there are good ideas from some of you people. If we can get across some of them, we may get to that fairness that I talked about. Mr. Phillips? Please give the speaker your attention.

H E R B E R T P H I L L I P S: Thank you. Members of the Assembly, ladies and gentlemen, please just hear me out. I'm not going to bore you with rhetoric. I'm going to try to give you some facts. I live in Woodcliffe Gardens, 8300 Boulevard East. Our complex runs from 83 to 87.50. We're 400 apartments.

Since March of 1981, the tenants in the development have been harassed and hassled by a succession of landlords. In March of 1981, our landlord at that time gave us an unconscionable 45% rent increase. Through negotiations, through litigation, and negotiations with a tenants' committee, they moderated 22%, which we gave them.

Prior to March of 1981, there was a waiting list to get into to Woodcliffe Gardens. As of March of 1981, the landlord stopped renting apartments.

In February of 1984, the complex was sold for \$6 million to a second landlord. His tactic was to go after hardship and capital improvements. In October of 1985, the complex was sold again to the present landlord for \$16 million. In a year and a half the second landlord made \$10 million.

Now, what's the vogue? The vogue is conversions. The present landlord paid \$16 million converting it to a coop. If all the shares are sold he will get back \$41 million. He's got it wrapped around with a balloon mortgage in ten years, non amortizing, at 10.5% for three years, 11 and a quarter for the next two years, and 11.5% for the balance of the five years. He will then recoup \$52 million for an apartment complex that he paid \$16 million for; \$36 million, not a bad profit.

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There is now a conservative estimate of about 125 empty apartments in our complex. How many people are living in crowded conditions, doubling up, motel rooms, in cars, and on the streets, while our landlord is allowing 125 apartments to be vacant? On my floor alone there are four empty apartments. There's a beautiful two bedroom apartment that faces the Hudson River, that has been vacant since March of 1981. I would love to buy it. Okay?

The tenants are really not opposed to conversions. What we're opposed to is the greed of certain landlords. I heard stories today, that landlords are converting and selling their apartments for \$35,000, \$36,000. Why does he want \$75,000, \$80,000, \$100,000? Our buildings are not modern buildings. We don't have central air conditioning. The plumbing in the apartments is 50-years-old, never been upgraded. The electricity in the apartments is 50-years-old, never been upgraded. And he wants \$80,000, \$90,000, \$100,000. That's what we object to. We object to the greed, not the conversions.

One more statement. We need 3283 passed, not next week, not next month, but yesterday. Thank you.

ASSEMBLYMAN DARIO: Our next speaker Mr. Joe Pojanowski. I hope I pronounced it correctly. Please give the speaker your attention.

J O S E P H P O J A N O W S K I, E S Q.: Assemblyman Dario, members of the Committee. The real problem here is not one of do you convert, or don't you convert. The real problem that has brought everybody out, including the tenants, is one that there is just not enough housing in Hudson County. Let me tell you the reason why we don't have enough housing. (loud response from audience)

ASSEMBLYMAN DARIO: Give him your attention please. Please give the speaker your attention.

MR. POJANOWSKI: Unfortunately, since the advent of rent control in 1973, there has been absolutely no incentive for developers, property owners, businessmen, to come in to build additional affordable housing. The reason for that is there is no way that a property owner can make a living, never mind a return on his investment, because of the rent control environment.

Assemblyman Catrillo says, well New York State has this type of 51% rule, but let me tell you something else ladies and gentlemen, and members of the Committee. New York City has a statewide rent control -- I should say stabilization -- they have vacancy decontrol. They have major capital improvement increases. But you know what? They also have major substantial annual increases. They also, though, have the South Bronx. And they also have a housing crisis too.

Now, I think we -- all of us in this room -- are being used by the local politicians. They are the people-- (loud response from audience) They are the people -- Mr. Dario? -- that have the keys to the immediate answers, and they can create affordable housing if they wanted to, but they don't. They want to stick it on the Assembly. They want to say, "It's the bad property owners." Let me tell you, the largest property owner in the City of Jersey City, do you know who it is? The City of Jersey City. What are they doing with their vacant buildings? What are they doing with their vacant land? Nothing. They're saying it's the property owner who has to take care of it. Well, I think that's wrong. I think the City should create additional housing.

As a result of this problem that we all have -- and I mean tenants and property owners all have the same problem -- we're caught in a vicious cycle. Property taxes are going up because our politicians on the local level don't know how to keep budgets, and they're spending, spending, spending. The single-family, and the two-family, and the three-family, taxes are going up astronomically.

So who do you blame? The politicians aren't going to blame themselves because that's against rule one, get reelected. So what they're doing is saying, "It's those bad property owners. Those people." My clients are not always the large corporations. They're the individuals who own the six-family and eight-family houses. The people who put their life savings into that little apartment building, and now this bill is going to take away their only parachute. Because the local politicians -- in an effort to get reelected again -- have taken away all the benefits of property ownership.

I suggest, Mr. Dario, and other members of the Assembly, what you do is you should have a comprehensive plan for housing; and that is, number one, create affordable housing. Mount Laurel does not just mean exclusionary zoning. Mount Laurel means, "Cities you have an obligation." If more housing was created we would not be here tonight.

By the way, one last point-- (audience loudly responds) The last--

ASSEMBLYMAN DARIO: Please let him finish his sentence.

MR. POJANOWSKI: Lastly, there is a misnomer, and it's a vicious misnomer, that all condominiums and coops are \$200,000. I have to tell you that the average price of a condominium is less than \$75,000, and that is the golden opportunity for a person to buy their own home, and this bill will take it away from them. Thank you,

ASSEMBLYMAN DARIO: Our next speaker, Mr. Sid Handler.

S I D H A N D L E R: Members of the Assembly, ladies and gentlemen, landlords and tenants-- I just want to make one announcement that should precede any other address that I give. Every tenant better be in Trenton Monday morning with your signs, with your buses. I want every one of you to be down there. They're going to rip you apart. They're going to help them rip you apart. There's your culprits. This is a joke. The whole thing is a lie. (audience responds loudly)

ASSEMBLYMAN DARIO: Let him speak. Let him speak.

MR. HANDLER: Don't you ever believe a word from a politician. Where the hell were they for three years? (loud response from audience) Could you hear me? You're going to get a lot of rhetoric, and you have been for many many years.

ASSEMBLYMAN ARANGO: Excuse me. I just want to ask you a question. You're not running for office?

MR. HANDLER: Wait a minute. I'm addressing you. You're not addressing me. You will address me Monday.

ASSEMBLYMAN DARIO: Thank you. Please give him your attention.

MR. HANDLER: You will address me Monday, and you will face all these people here Monday morning with their little signs.

ASSEMBLYMAN DARIO: I'm doing it now. I don't have to wait until Monday.

MR. HANDLER: No, because the whole thing is a frame-up, and the whole thing is a lie. You've been lying for three, four years that we've been begging you-- I'm not talking about you in particular. I'm talking about the whole Assembly in particular. You promised -- and right before election you create the spectacle. Get the hell off and do what's right for these people.

You chose to wait until the last minute, and then you threw the ball game, and the hot ball, into the Senate's court. It's wrong. You did wrong. You should have faced the music, and you're afraid to do it now.

Now there are women and children who you forced to leave their homes because of eviction -- mandated by a despicable, rotten, lousy, law of conversion. You knew it was lousy when you put it in. You knew it was rotten when you passed it.

This political rally -- that's all the hell it is -- depicts a Punch and Judy show. That's all it is. You know it

and I know it. And you political actors throwing the hot ball to one another is not going to solve it. We'll solve it for you come election day, no matter which way they do. Where it's standing -- window dressing -- it's not over until it's over. When they get that bill in their hands, then you come and ask us for your vote, not before, never. Out.

Don't believe one word, not one word from any one of them. They're liars. This has been going on for years and years, and thousands of citizens and children have been evicted from their homes. This is shameful. This is disgraceful. Thank you very much.

ASSEMBLYMAN DARIO: Good luck in your election. The next speaker, Matt Shapiro. Matt Shapiro? Is Matt Shapiro here? (affirmative response from audience)

UNIDENTIFIED MEMBER OF AUDIENCE: (speaks out while Mr. Shapiro makes his way to microphone) We have nothing against the poor people. All we need is to have those condominiums subsidized by the--

M A T T S H A P I R O: Hey, that's my time. I'm Matt Shapiro.

UNIDENTIFIED MEMBER OF AUDIENCE: --all those condominiums be subsidized by the government. What's wrong with subsidized by the government?

ASSEMBLYMAN DARIO: That's not him.

MR. SHAPIRO: I'm Matt Shapiro.

UNIDENTIFIED MEMBER OF AUDIENCE: Oh, I'm sorry.

ASSEMBLYMAN DARIO: Didn't I tell you we're going to have fun? Is the real Matt Shapiro up here?

MR. SHAPIRO: This is the real Matt Shapiro, and I swear I'm not a landlord. I'm not a converter. I promise if I succeed in convincing you, I will not make \$16 million. I won't make a dime, not one red cent. But I'll tell you one thing, I've gone through a conversion. I'll tell you another thing, I bought. You know why I bought? Because I didn't have

any other choice. I had nowhere else to go, and I just had enough money to make it.

Do you know how many of my neighbors are left in my building? Each of the buildings in my complex has 45 people. The number of neighbors left out of the 45 people, is two. Two.

I live in Fort Lee, the original capital of conversions. I'm here because I care about tenants. And if you don't like that, you know what you can do.

If you convert a building, and you cause a tenant to have to pay five times what they were paying before, guess what, they can't do it. Guess what happens to them? They're out on the street. That's what the conversions that are happening today mean.

Yesterday, it wasn't always that way. Some of them were pretty ritzy conversions. They're not ritzy any more. They're ritzy in the end, but in the beginning you're dealing with people who are poor, and you're going to put them on the street unless you do something about it. It's your job to do it.

You have a bill before you that can do something. It's very dangerous. You know what it does? It gives tenants the right to vote. Now, isn't that terrible, really terrible to give tenants the right to vote? What are we, second class citizens here? The only people that can vote are landlords?

We are asking for compassion. We're asking you to stop the expansion of homelessness throughout New Jersey. You can do it. All you have to do is pass this bill with the amendments that the New Jersey Tenants Organization has given you. Time up?

ASSEMBLYMAN DARIO: Thirty seconds.

MR. SHAPIRO: We want the right to vote, and we also want to make sure that when we have this right to vote we don't have to make that decision without seeing the truth. The law that you're amending makes sure that everybody supposed to get

the truth, a full truthful prospectus. The law has to be amended to make sure that prospectus is complete and truthful before we have to vote. That's not too much to ask.

There's one other thing please. Everybody knows that one of the standard practices in doing a conversion is warehousing. They kick out the tenants, or they don't replace tenants who are convinced to move. The way the bill is right now it's going to get worse, because all it will require is get rid of your tenants and you get three out of five. The majority of the total number of units please.

ASSEMBLYMAN DARIO: The next speaker, Susan Covais. Susan Covais? Did I pronounce it correctly? Is Susan here? (affirmative response from audience) The real Susan.

S U S A N C O V A I S: Thank you, Mr. Chairman. I'll try to keep this brief, and then just paraphrase some of my statements.

My name is Susan Covais, and I represent the 40,000 member New Jersey Association of Realtors. I would like to thank the Committee for the opportunity to present our comments on the issues.

Basically the way we see this issue-- Today in New Jersey multi-family property owners are fighting battles on two fronts. Right now we have municipalities facing moratorium ordinances on anti condominium conversion. We have two bills in the State Legislature regarding the same type of issue.

We see this issue as all dealing with one basic thing, whether a governing body has the right to restrict what a property owner may do with his or her property. Our Association believes that a governing body should not have the right to unreasonably restrict private property rights. These proposals regarding condominium conversions go directly against what is framed in the New Jersey State Constitution; which clearly states that one of the inalienable rights of a citizen of a state is their defending life and liberty of acquiring and possessing and protecting property, and of pursuing and obtaining happiness.

Basically these anti condo ordinances, as we see it, try to address the issue of affordable housing. We see that as a very different issue. One of the ways not to achieve affordable housing is to enact this kind of legislation and these kind of ordinances. We feel that these proposals prevent-- (audience reacts loudly)

ASSEMBLYMAN DARIO: Let her finish, please.

MS. COVAIS: Pardon me? (Chairman gestures to continue) Okay. We feel these proposals prevent additional affordable housing for a number of reasons. By enacting these restrictions on condominium conversions, you're really only protecting those people who occupy those units. You're not creating new units, and you're certainly not creating affordable units. What about the present and future housing needs of New Jersey? Our Association argues that the more restrictions you put on multi-family or any other development, the more costly it becomes, and the more a developer is encouraged to go elsewhere. Therefore, these proposals not only don't provide housing, they actually discourage its creation, and will make what is created possibly more costly.

The attempts to keep buildings from being converted and thereby retain units that are rent controlled, lead us to the fallacy that rent control protects low income households. According to the Federal Trade Commission's 1985 report on rent control in Washington, D.C., rent control's "beneficiaries" most often include persons who can afford to pay more for their housing needs. As we hear from the other Realtors and property owners during this hearings, taxes paid by owners of rent controlled buildings are lower than they could be, because these buildings could only be taxed according to the building's "value" which is based on its income producing ability. Therefore, homeowners in rent controlled municipalities must make up the difference in the tax base. As a result, homeowners are likely to be subsidizing the rents of people who could possibly be in the highest income brackets.

NJAR believes that there must be a way for everybody's rights to be respected and protected on the issue of condominium conversions. We need to protect and defend the very basic right for which our founding fathers fought a war, and that's the right to enjoy and own private property. As John Adams once said, "The rights of property are the same as the rights of liberty, for without these rights there can be no liberty." NJAR stands ready and willing and able to work with concerned leaders and residents to find a reasonable solution to the housing crisis. Thank you very much.

ASSEMBLYMAN DARIO: Okay. I'd like to ask-- (audience continues to react loudly) Ladies and gentlemen, may I have your attention please? The Mayor of West New York was here, and listed with him is his commissioners. Is Mr. Langen here? Mr. Hernandez? Mr. Riccardi? Mr. Blain? Are they here? (no response) All right. I won't continue with them.

Now look, things are moving rather well under these conditions. Let me say this, what I'm trying to do as I get up is just to remind you start to cut it towards the end. It will help expedite matters.

You know, let me just say this. I think I'm going to take two minutes. I am the Chairman of the Urban Policy and Waterfront Committee. I think when we get back to Trenton we're probably going to have this bill before us. I'd like to just tell you one thing. As a youngster born and raised in Hoboken -- I reside now in Union City, and I'm a tenant, I pay my rent, and I do it every month -- I grew up the hard way in a cold water flat. My father taught me something. He's not alive now, but he taught me one thing. He said, "Ron, you break your neighbor's window, we have to pay for it. You better take good care of the property." He came from Italy, and he was a great person -- my mother and my father. They taught me to learn the value of property, that that was what America was made of. Buy a piece of property, own it, it's yours. And I still very well believe in that philosophy.

When I look and see what happens now with tenants coming into my office with tears in their eyes, nowhere to go -- and the philosophy I was born with-- We are going to face major decisions, not only in this bill, in the future of our county and our country. And we'd better start working together, both pros and cons, or by God we're all in trouble.

Deborah Bergman? Is Deborah Bergman here?
(affirmative response from audience)

D E B O R A H B E R G M A N: Hello everybody. I'm Deborah Bergman. I live in West New York. I'm a tenant who bought an apartment. So I'm now living in a converted building, and I also work for a developer.

I'm very pleased to come right after this gentleman, because my message is brief; it's to say that we all have to work together. There can't be winners and losers. We're all in this together. Everyone in this country has a right to safe affordable housing. The developers that I know are willing to work toward that goal with the tenants. And I say we can all be winners in this, and everyone can have what they want and be a winner. This country is great enough to have that be true for everyone.

ASSEMBLYMAN DARIO: Give her your attention please.

MS. BERGMAN: We're now beginning to listen to one another in this room, and I think that's important. The buildings that are decaying are not fit for habitation for many people, so that's not the answer. The answer is to rehabilitate existing housing, and to allow those people who can afford to pay for a cooperative or a condominium to be allowed to do so, but for everyone to end up with a home that they can be proud of. Thank you very much.

ASSEMBLYMAN DARIO: Is the Mayor of Union City, Bob Menendez-- The Mayor of Union City, is he here? (no response) All right, our next speaker is Mark Rosen.

M A R K R O S E N, E S Q.: Members of the Committee, my name is Mark Rosen. I am an attorney in New York and New Jersey. I'm also a partner in the firm of Simon and Carter Realty. We are professionally coop and condo converters. We make large investments in towns, in properties. We rehabilitate properties. We renovate them, and we sell them.

The law as submitted by Mr. Catrillo, is not a copy of the New York law. It is not even close to being a copy of the New York law, nor does it have the equities of the New York law. It is poorly written. It is not effective. It is not within the framework of the existing laws within our State. If it is passed, it will stop conversions, there's no doubt about it. But what it will not do -- or what it will do-- It will eliminate everybody's right to buy.

That's not good, because the conversion process has helped Hudson County in particular. The reason it's helped is because money has come into the county to renovate buildings and to rehab them. It has also increased the tax base, and what it has done is it has improved the entire real estate industry in the county. By having the ability to convert properties, or the potential to convert properties, people are willing to invest. If you take away that incentive, it just won't happen and we'll be back where we were ten years ago.

Mr. Dario and members of the Committee, the problems that we're hearing now from the tenants -- with all due respect -- is mostly a question of money. It is a question of whether or not they could afford to buy their houses, to buy their condominiums. The senior citizens are protected. If they need additional protection, that should be addressed. This bill doesn't do it.

If we need more affordable housing, we charge you with that duty. This State can afford it. We pay plenty of taxes to the State. Do it. We want you to give us affordable housing. The private sector and entrepreneurs of this country

should not bear that burden by themselves. We pay our taxes. We pay property taxes. We pay realty transfer taxes. Use that money please.

ASSEMBLYMAN DARIO: Our next speaker, Martha Leete. Martha? (affirmative response from audience) Please listen to the next speaker.

Can I say something? We're moving, yes, on the difficult additions. But there are some people with very good opinions, and perhaps we can get to that fairness we talked about. Martha, will you continue please?

M A R T H A L E E T E: Yes. I won't take up much of your time. First I'd like to say how much I admire all those beautiful signs. They're so beautifully printed, and lettered, and they have such wonderful signs. But the problem with them is, I don't like the message on them.

I'm a tenant in a building in Weehawken. We've received what is called a red herring; that means, get out in three to five years. I have nowhere to go, and I'm turning to you, my legislators. I think I have a right to ask you to act on my behalf. That's what I'm doing by appearing here tonight.

I wish I knew what some of the former speakers had said, but I don't because I didn't hear a word they said. It was nothing but pandamonium on the other side. I might have learned something about the landlords' side, but I couldn't tell you what they said because I couldn't hear their speakers or mine. I do hope that we'll have a few more speakers who will have some good ideas, which they will let all of us hear. I mean, everybody in this hall will let everybody hear. That's really all I want to say. Thank you.

ASSEMBLYMAN DARIO: The next speaker, Charles Herman. Mr. Charles Herman? (no response) Stuart Hoff? Stuart Hoff? Sir, are you Stuart Hoff? (asking gentleman who came forward)

S T U A R T H O F F: Yes. I'd like to make a few comments that I don't believe are pro tenant, and I generally don't believe that they are pro landlord. The comments that I would like to make are absolutely from the bottom of my heart. I'm very serious about what I'm going to say to everybody here. This is not politically motivated.

I've been a landlord for 25 years with various reputations. And I've had direct contact with low income housing people in Union City, in West New York -- from the time I was at 54th and Bergenline when-- (inaudible) --was across the street. So we go back a long long time.

A couple of key points we should all agree on, I think. Everybody in this room should agree on a couple of points: Number one, the concept of conversion-- Or putting it another way, the concept of not having the right to convert, or restricting the right to convert, is wrong. What has to happen, if this is going to be successful for both sides -- and the only thing that works in this country, or in my life and my business, are the things that work for both sides. I've spoken to any number of real estate people, and I had a very good conversation with people from Woodcliffe Gardens which enlightened me.

One point keep in mind. There are many people who are not here tonight and those people are 20-years-old, getting started in life, with limited income but who someday would like to own their own home. The statistics in this country, whether you're talking Bergen County or Essex County or Union City, are getting to a point where it's almost going to be impossible for people -- and I'm talking about younger people, the next generation. I have a 20-year-old son, and I have a four-year-old son -- the next generation. These people will not be able to buy a house. The government now allows people who pay rent every month to get absolutely no benefit whatsoever in terms of a tax deduction. Nothing. All you get

is a paid receipt. You put it away in the drawer, and you keep your receipt until the day when need it to go to court to prove that you paid your rent.

On the other hand, if the payment that you made every month was not a rent payment but was a mortgage payment -- an affordable mortgage payment -- that's the issue. That is the issue. Okay? (inaudible response from member of audience) Oh, thank you very much. That is the issue. All right so what I'm saying here is-- (audience member continues to respond)

Just a moment. Let me tell you something. I'm not working from a prepared speech. I didn't give this three or four hours worth of study. If you interrupt me I'm going to take more time than I'm going to have, and I don't want to do that. I really do want to make a point. So just give me a chance.

ASSEMBLYMAN DARIO: All right. Let him speak, please.

MR. HOFF: I spoke to the people -- some of the tenants -- and they gave me the numbers on this example, this extraordinary example of Woodcliffe Gardens. Absolutely, unquestionably, textbook in terms of maybe the unconscionable amount of money being made. Would I have liked to have the deal? Wouldn't we all like to make \$40 million? But not at the expense -- and I'm saying this sincerely -- of human lives. I spoke-- (audience continues to respond loudly) Just a moment. I spoke to these attorneys over here. I spoke to Mr. Segall. There are real estate people who are against tenants. There are tenants who are against real estate people.

The real estate people are saying -- and they will be very glad to give specifics -- that if you allow condominium conversions to go ahead, and I genuinely believe that they should -- there are absolute concessions and provisions that the converters are willing to make. They will continue to protect the people who cannot afford-- (speaker is interrupted by shouts of "baloney" and other inaudible comments from a member of the audience)

ASSEMBLYMAN DARIO: Now listen. The next time you do that-- (uproar continues with shouts of "you'll throw me out" and other inaudible comments) Yes, the next time you do that I might have to do that. Relax. (entire audience reacts loudly)

MR. HOFF: I'm going to have to summarize and end, because I have thirty seconds. All I'm saying to you is this, think objectively. Give the real estate representatives and their attorneys an opportunity to sit down with politicians and attorneys who represent tenant associations, and come up with something that works. Don't vote down conversions as the bill is drawn, because believe me it affects you adversely. The things people are saying here, if they are only 50% correct in all their representations that you have booed tonight, there is no question that housing as we have known it for the past 80 or 90 years for some of us, will not exist any more. All right? I wish us all a lot of good luck. Thank you.

ASSEMBLYMAN DARIO: The next speaker, Mr. Louis Rodriguez. Mr. Louis Rodriguez? Is Mr. Rodriguez here? (affirmative response)

L O U I S R O D R I G U E Z: Good evening. I think that we have a lot to be grateful for tonight, and I want to thank the Committee for giving everybody a chance to give their part. I'm not much of a speaker. I'm not a politician. All I want to say is that even the people that are supposed to be the friends of the bill have doubts on how this thing is going to affect them.

Also, the man that spoke here before about the Woodcliffe Apartments -- or something like that. The man knows a lot about the mathematics of real estate. And if he knows so much about it, and this is a free country, he should be in that business himself. (loud response from audience)

ASSEMBLYMAN DARIO: Please show respect like we showed all speakers.

MR. RODRIGUEZ: Thank you. The other thing is that if you look at the people against this people -- the tenants -- most of these people, if you take a survey, are senior citizens. They are not going to be affected by this bill. They were not affected by the conversion process, and they will not be affected by the conversion process. (audience continues to respond loudly)

ASSEMBLYMAN DARIO: Attention please.

MR. RODRIGUEZ: Most of the people that have spoken here today, pro and against this bill, have made sense. Again, you cannot come and defend the wrong thing. Thank you very much.

ASSEMBLYMAN DARIO: Our next speaker, Mr. Arthur Torrez?

A R T H U R T O R R E Z: Good evening. I am Arthur Torrez. I would like to speak please? No noise. I just want to speak very nicely.

I'm a tenant and a taxpayer. I request the creation of a fact-finding commission about the finances of members of the Department of Community Affairs and large landlords, and certain lawyers who have real estate interests -- that they are converting buildings. The purpose of this investigation should be to uncover the instance of conflict of interest, or improper campaign contributions. I would also like to mention that I testified in the Housing Committee in Union City.

What is going to happen? I want this law to be put in. But the problem is, we've got to put humility here. There's got to be faith, and heart and soul. You've got to understand that there are a lot of people that are homeless. I've seen it in Jersey City. I've seen it in New York. It's sad, and it's horrible. We have to work together some way.

One thing: I was in court the other day, and Mr. Bulin was there, and he had a building that was burned down. Mayor DeFino had said, "I'll buy the building for \$200,000."

But Bulin said \$800,000. So DeFino said "Look, I want to buy the building for the tenants to try to stop this--"

ASSEMBLYMAN DARIO: For himself? He buys buildings too, for DeFino's personal property.

MR. TORREZ: No, but this was for the tenants. This is what he said in front of the whole town.

ASSEMBLYMAN DARIO: Oh, okay. Because he invests, too, in real estate.

MR. TORREZ: Yeah. I know he had 10% of something. (audience reacts loudly) Please, please. I just want to say, let's try to work together some way or the other. Let's try to do something here. You see, there's greed here. I feel sorry for you people. Please, really, if you see people that are homeless, you know what's going to happen? You're going to have a big revolution here. You're going to see people going against all of you. You're going to see the biggest revolution that ever happened.

I represent 1000 tenants, and I am President of the United West New York Tenants Association. I want to thank you for letting me talk. Thank you.

ASSEMBLYMAN DARIO: All right. Let me just give you an idea where we're at. We're close to the halfway mark. What I would like to do is a couple more speakers, then take a ten minute break. I'm going to bring two more speakers up, if they're here. Allan Kiswa? Did I pronounce it correctly, Allan? Allan Kiswa?

A L L A N K I S Z A: A very good attempt, Allan Kiswa. I don't believe for a moment that the panel has truly listened to what is being said tonight. I believe that you have already predecided your decision as it concerns this Jackman/Catrillo Bill. You've been amused by the ballyhooing and the antics of this crowd, and I've been amused myself. But I'm going to attempt to remind you of a few things tonight.

First of all, you were elected to represent the needs of all your constituents, not just one select group of constituents -- which in fact is a small percentage of your voting public. There is such a wealth of misinformation and confusion being handed out in the media today between the politicians, the newspapers, the likes of which you are truly using to advance your own political careers.

ASSEMBLYMAN CATRILLO: You're full of shit. This advances my career?

MR. KISZA: Mr. Catrillo is amused by my comments.

ASSEMBLYMAN CATRILLO: Because you're so full of shit, it's unbelievable.

MR. KISZA: Who's running for the Senate? (loud reaction from audience) Who is running for Senate? How does your comments to date about all the tenants that are being thrown into the street, children being thrown out the windows, help? You are playing with political rhetoric. And it is a shame because they are suffering, and they are suffering. No one is being benefited by this tonight.

New Jersey already has one of the strongest condominium laws on the books. (loud reaction from crowd)

ASSEMBLYMAN DARIO: Please give him your attention. Please, I'm trying to be fair with everyone. We have an obligation to listen to every speaker. Whether you like it, or don't like what they say, let's listen to it.

MR. KISZA: There is no perfect system, no matter what you are talking about today. Among this group of landlords there are probably a lot of bad landlords, just as there are a lot of bad tenants among this group. There is no perfect system. Understand that before you start making rash generalizations about all these landlords living in mansions and driving Mercedes Benz. They are not. I am not.

You must demonstrate some concern for the other aspects of what we call living in Hudson County today. We are amidst the highest tax rates of probably any county in the State. We have the poorest education systems. We have some of the highest crime rates. These are severe social issues that should be addressed. Housing is not an issue onto itself. It is not an issue onto Hudson County. It is statewide. It's an economic issue. It's not a landlord issue. They didn't create the housing situation. It is us, the property owners, that pay the taxes that support the programs for this State.

I just want to stress, to please, please demonstrate the concern for all parties. Stop playing political football. I was appalled by Mr. DeFino, the Mayor, who came up here and had the gall to say, "Let's protect the tenants." Why doesn't he demonstrate his interest in the conversions that he has going on in his own private pocket?

No one has spoken tonight about the one aspect of the Catrillo/Jackman bill; the power, the ultimate, omnipotent, power to give the cities the right to say, "Mr. Landlord, we will or we will not allow you to convert." You know what that's going to be? "How much do you want to put in my pocket, Mr. Landlord?"

In closing, we are playing here with political expediency. We are playing here with egos. We are saying whose bill is going to come to the floor first? Whose bill are we going to vote on, Mr. Jackman's bill or Mr. Catrillo's bill? Let us put our egos in perspective. Let us go back to the tables. Mr. Catrillo said, "I have spoken with Phyllis Salow-Kaye of the New Jersey Tenants Association. Joan Pransky" What about the tenant interests?

ASSEMBLYMAN CATRILLO: They won't talk to me, that's why. They won't talk to me. (audience responds loudly)

MR. KISZA: Mr. Segall -- Mr. Barry Segall -- called you six times to try to set up an appointment with you.

ASSEMBLYMAN CATRILLO: And he comes up with nothing.

MR. KISZA: You have refused to sit with Barry Segall.

ASSEMBLYMAN DARIO: All right, ladies and gentlemen, we're going to take a ten minute break. (audience continues their loud reactions)

(RECESS)

AFTER RECESS:

ASSEMBLYMAN DARIO: I'd like to make some suggestions. If I can have everyone's attention? If I can have your attention, ladies and gentlemen? I'd like to have your attention. Allan? It is 10:20. I said from the start that I would be willing to sit here and listen, and listen, and keep listening. I'm going to tell you what's going to take place, and then I'm going to ask you people to make a decision.

The Urban Policy Waterfront Committee, which I Chair, is going to have at least three to four hearings. What we plan is to finish up the hearings, with perhaps taking leadership from both the landlords' side and the tenants' side. And within the next three hearings, try to bring those leadership people together -- most difficult.

Also, we are willing to look into the possibility of sponsoring some legislation to appropriate some money to educate our tenants and landlords. I speak for the Committee, although two are missing. What we've accomplished tonight -- and we're not over, but I will ask you something. Is the fact that we're going to have three hearings -- and I said that I'd continue, and we're just about halfway -- would you agree that those that did not speak, we will have them again? I'm not afraid of signs. It's what we could do to resolve this problem on both sides. Would you agree that those that didn't speak tonight, we will get back to you and tell you when we're having

our next hearing, and you will be the first group to come up? If you would do that, I have no problem. If you want to stay, again I have no problem.

But I'd like to just go a little bit into philosophy, and really what was accomplished here tonight. Many of you are going to say there was a lot of shouting, a lot of emotions, and the press was here. I hope the press wrote something, and this is what I hope they wrote: "The tenants have a big problem. The landlords have a big problem. What can we do as individuals to help resolve this so both sides could be somewhat satisfied?" And I know it's difficult, because right now I don't know the answer. But I think that perhaps if we can go out, sponsor some legislation, and do it rather quickly, maybe, just maybe we can appropriate some money to also do a study so everyone really learns what the problems are, so maybe we can resolve them.

Is there anyone here that feels they would like to speak, raise your hand? If we can get a count-- (several in audience raise hands) Yes, all right. Let me just get a count. All right? We have one, two-- I see where everyone wants to get up. Can we see hands of those who want to speak? I'm counting one, two, three, four, five, six, seven, eight, nine, ten, eleven, twelve, thirteen. Thirteen people? It would carry us somewhere around one o'clock, if we all did three to five minutes. Look, can we do this? Could the pros and the cons get together, maybe you can have representation out of your six, two represent you, two represent you, five minutes each; that gives us 10 or 20 minutes. We're still going to be back again. You'll hear from us. Come up with two each. (audience talks among themselves)

The bill is not in Committee yet, until we get to the Assembly on the 18th. (audience responds that representatives have been selected) Okay.

ASSEMBLYMAN ARANGO: (responding to questions from the audience on when the bill is scheduled to be voted on) Let me explain one thing because people are confused. This bill is not in the Assembly-- (inaudible because Assemblyman Arango is far from microphone) It is not out of the Committee in the Assembly. Monday, they are going to go in the Senate for the bill. It has already come out of committee in the Senate without any public hearings. They're going to vote on this bill Monday in the Senate, not in the Assembly. The bill to be approved as law has to be approved by the Senate, the Assembly, and signed by the Governor. So we have a lot of work to do here.

ASSEMBLYMAN DARIO: All right, so we have two on that side, and you're getting two on that side. I'd like to also introduce -- who's been sitting here patiently -- Assemblyman Gargiulo. Thanks to him we have the school building.

ASSEMBLYMAN GARGIULO: I'm here to listen. I'm not here to say anything, except one thing. Please get off the tables. Would you please? Thank you.

ASSEMBLYMAN DARIO: Okay, you have two? (affirmative response) Go ahead.

UNIDENTIFIED MEMBER OF AUDIENCE: I am going to speak as a tenant. My name is-- (inaudible) And I live in a building at 6201 Boulevard East. I'm living in this building for almost 18 years, happy with the neighborhood, happy with everybody -- until the building went through coop conversion. The minute the building went through coop conversion, everything changed to the opposite: No services, lack of services, no heat, no hot water, problems, no bells working, renovation, illegal workers from Central America or whatsoever -- and the landlord says experts in art deco. These are the converters in West New York.

Right now we are being harassed because we have no heat, no hot water, no services, and we have to pay the rent on time. Why? Because they want all the tenants out of the building. Where are we going to go? No place. There is no place to go in West New York. Find a solution for tenants in West New York. You have the Committee in Trenton. Mr. Arango is the Assemblyman for two years, and has done nothing.

ASSEMBLYMAN DARIO: Let's give attention to the speakers. Are you going to represent--

D O N A L D L E G O W, E S Q.: My name is Donald Legow.

ASSEMBLYMAN DARIO: Excuse me, I'm sorry. Donald?

MR. LEGOW: Legow. I'm one of the persons listed. I'm the President of the New Jersey Council of the Multi Housing Industry in the State of New Jersey -- statewide -- which represents the owners, managers, builders, of multi-family housing in the State of New Jersey.

I have a couple of things that I wanted to address, but I don't want to go over things that have been touched. They've touched upon previously things like, what a condominium conversion can do for a city; talking about stabilizing a community by getting permanent residents, property tax base increases, making affordable housing for people who might not even be able to get into the one-family housing market. But I think I'd like to address a couple of other things.

When you talk about the good things, we also know in the industry that we have to direct our attention to claims of displacement, and affordability. I think that there are several things that we have to look at when you talk about displacement.

First thing, we should address the real problem, and the real problem is need. It isn't just everybody, it's the need. We should really target those who can not, and not those who will not. I heard people talk about the greed of certain landlords. Well let me pose a certain situation -- this is just

something that did come up. Let's look at the situation of a person who is paying \$300 a month rent in an apartment that would otherwise bring \$600 or \$700 a month on a fair market, on an open market, because of restrictive long-term rent control. The person could be making \$100,000 a year income, and when that parcel gets converted he either buys -- and if he even doesn't want the property he turns around and sells it and makes \$50,000 or \$60,000 -- or he sells his rights to somebody else. Is that the person that we're really looking to take care of? Is that the person who should be protected?

There is a problem here, and the statute that is proposed is really treating a symptom. Everybody here has mentioned that what you're really doing is treating a symptom. The symptom is the supply of affordable housing units. Now, this statute does not treat that, nor does the statute that is pending now before the Senate. We believe that the problem of affordable housing is a problem of the entire State, county, municipality; but that problem cannot be visited totally on the landlords and the owners in this State. That's a problem for the State, the municipalities, and the public.

I think we also ought to point out that one of the reasons why this is occurring -- and especially in Jersey City -- is the excessive restrictive rent control that has been in effect for long-term. Now, Assemblyman Catrillo pointed out what was happening in New York, but New York's problems everybody acknowledges; the problems of 45 years of restrictive rent control. We're not even learning from New York. Strangely, the proposals that are being submitted to the Assembly and to the Senate, are far more strict than New York even is. So it's really unfair to even consider it, as one of the other speakers had mentioned.

I also think that in discussing what can be done, and what amendments might be advisable, let's consider that if you're really interested, if you're going to say to somebody,

"I'm going to take away your right to sell this property and treat it as you are," in other words to convert it -- because that's essentially what you're doing with this bill if this bill were to pass in its current form. I suggest that you might want to consider another aspect of that. Let's turn the coin around. If you are going to say, "I won't let you convert your buildings," however, at the time that a municipality says "I'm not going to give you that certificate that you need in order to start talking to tenants--" We need this housing, fine. The landlord can't sell to make the profit? Take it off from rent control. Take it off and let them go to a fair market. Now you're saying to a person, "Okay, you may not be able to sell it, but at least you're going to be able to treat that as an asset that you can earn a living from; that you can go out and really develop it, get some money in, and create it."

Most people in our industry do not want to convert. They've come into a situation after 15, 16, 17 years of restrictive rent controls, that's their only out. That's become an out.

I would be very interested to know what the tenants feel if that proposal -- the either or proposal -- let's look at it not in a one-sided issue. Heads I win, tails you lose. Let's look at it and see. If you don't want me to convert then at least let me have a fair market.

Let me point out another thing. The owners of rental property -- I'm the President speaking for a great majority of these people -- we stand ready to assist in this solution. The solution is a State problem, a municipal-- And we're here too as part of the industry. If we say that the symptom is more housing, then we must create more housing, and the answer to creating more housing clearly is not to pass restrictive conversion bills. You're not going to create new housing by that. You're going to leave whatever you've got right in place, and if it's been going down, it's going to continue to go down. We've got to do something to stop that trend.

I think, we think -- my organization and indeed the entire multi-housing industry -- the question really, as everybody points out, is funding. Where are we going to get the substantial funding that is needed at all levels, from the State, municipality, and the private enterprise? The State of New Jersey is one of the wealthiest in the United States. It's climbing up in the average income. I think it's now second behind Connecticut. Certainly the State of New Jersey should be able to come up with something, and surely does have the money to do something about this.

We're not standing back there saying, "Don't do, don't do." We're telling you there are things that can be done. One, there's all the casino revenues; two, there's the realty transfer tax that is sitting there as a result of a tax on transfers of realty -- put it back it into realty; three, the financing ability of New Jersey Mortgage and Housing Finance Agency. Tap that source and let them put money back so we can create the housing where it's needed.

Now the cities and all the municipalities can also provide funding, and they can do it by capturing these increased property taxes. Everybody knows -- and it's been testified to before, and I'm sure you all know too -- if you get a conversion the assessment is going to at least double. Your taxes are going to be doubled. Let's take some of that and earmark it so that each municipality can contribute some of those funds to affordable housing; be it building new houses on vacant land, be it converting slum or abandoned houses. The City of New York is doing it. Reference has been made to the City of New York. They recognize their responsibility. They're doing something about it. We also, property owners -- I'm not speaking necessarily for converters. I personally am not a converter, but I understand the realities. They too would be willing to contribute I am sure in some way. Some way can be found to divert some of the profits that are coming in

to affordable housing. I am sure, sitting down with them, it can be worked out. I am sure it is being worked out now.

Let's look also at how some of these funds can be used. I've indicated five different places where you can get them. One, we could take down payment assistance to those people so they can afford to buy an affordable condominium. We can buy down interest rates the way other builders -- create it independently. Create rent subsidies similar to Section 8 money, which is drying up on the Federal level. Surely a State as wealthy as New Jersey can come up with those things too. I think we should recapture all these, put them back to where they belong.

Let me sum up because I know it's late. The Legislature responded to these problems already. They called for a comprehensive study. The Governor recently signed into law AJR-65, which created a Commission to Study the Reduction of Rental Housing and Conversions in this State. The State recognized there was a problem. The State recognized the complexities of all the issues and said, "Look you're not going to decide this issue in front of 700 people who are really terrifically partisan. You've got to do it in a commission at a committee level so that everybody can discuss it." But that commission exists. Why do we have to keep reinventing the wheel all the time? The answer is to get that commission in operation and get them to do their job, come up and investigate these various proposals, investigate what other places are doing -- cities, states. It's being done now. Get them to come up with some proposals that we can act on and get appropriate legislation, and appropriate ordinances from the State and municipality, to really address the problem of affordable housing.

I urge you on behalf of the entire industry. Postpone any action in this area, get this commission to do something, and until they have an opportunity to complete its charge,

await that commission's recommendations, and then take the appropriate actions. Thank you very much.

ASSEMBLYMAN DARIO: Thank you. What I would like to do is call on Ray Bulin, and then Ms. Mendoza will sum up for the tenants. Okay, Ray? Ms. Mendoza, you will be next and that will end the hearing.

R A Y B U L I N: Unfortunately Mr. Torrez left. He was mistaken when he said that I owned a building in West New York for \$800,000. I wish that I did. Unfortunately I don't own any property in Hudson County, and he was referring to a building that I had for sale -- which was for sale for that kind of money, that's true.

But what I really did, I made an analysis in West New York of the ratable base structure of the Class 4C properties, which are apartment houses. I'm going to send you a copy. I'm not going to try to read this to you. I'm going to send it to you, but the bottom line was that if there were conversions continued to be allowed in West New York there would be an increase in surplus taxes of approximately \$4.5 million a year with which to provide affordable housing. That could be done in the form of subsidies, or it could be done in the form of creating new construction to provide quality housing.

No one -- well mostly me, I'll speak for me. I don't want to see anybody put out on the street. I think that's wrong. But I also know that many of the buildings that I handle, that people are paying rents that are disproportionate to their incomes substantially. So I think that it has to be addressed fairly.

Some of the other things that I brought to West New York's attention when I spoke with them, were the fact that apart from the \$4.4 million in tax revenues that would be generated, additionally there is a West Bank Project -- which is a trial project being done in Hoboken. What that is, it's a developer, State, and Federal government project. It's a

pioneer project, and it's doing tremendously. It's providing affordable housing for some of the people in Hoboken.

In addition to that, this is a social problem. The property owners uniquely are subsidizing an issue that belongs across-the-board. It belongs with the merchants on Bergenline Avenue. It belongs with the schools. It belongs with the churches. It belongs within the communities. We all have an interest here, not just the landlords. My major objection to this is the singular indiscriminatory aspect of it. It's a problem. It's a real problem. But if we only address it from the landlords, you're going to find less landlords and less people that own property, and then there's going to be destroyed housing. I make my money selling real estate in Hudson County. I want to sell them at good prices. I don't want to sell them at fire sales 20 years from now, or 10 years from now. I think it's time we recognized that there's really a responsibility that we all have to fulfill, not just the property owners.

I will be sending you a copy of my analysis. I think that if you look at it-- If you do put this bill into effect, I'm going to go back and be a tax appeal expert. I made a lot of money in the '80s on tax appeals. I'm going to go back in and do them again, because that's where I'll really make money. So I thank you for your time.

ASSEMBLYMAN DARIO: Thank you very much. Ms. Mendoza? Nanette?

UNIDENTIFIED MEMBER OF AUDIENCE: Excuse me. We have one more speaker, myself. I'd like to just say something that hasn't been addressed during this speech.

In Hudson County there are 1400 independent contractors who employ 200,000 construction workers. If you allow this bill to pass, how are we supposed to house and feed our families?

ASSEMBLYMAN DARIO: Ms. Mendoza?

MS. MENDOZA: Thanks. I'm going to just add some things that I wasn't able to before because of all the speaking and I ran out of time. I'm not going to reiterate what I said before, but maybe now a little more calmly I can give to you a little more of a perspective of what we feel; not on a fighting basis, but a little more down-to-earth and realistic.

First of all, we don't like to be referred to as this area becoming a South Bronx. It makes us feel like degenerates. It makes us feel humiliated. This is that type of area. The people here do have class. They do work. They have jobs. They have degrees. I myself work. I'm an administrative assistant. My husband is an art director. We both work.

At this point in time I can't afford to buy my apartment. I would love to. But the problem there exists-- Perhaps not all of you landlords are landlord moguls. Mine happens to be. And the problem is that, at this point in my life -- we're not just talking about old people, but in my life -- a young person's life, that would like to buy my apartment or a house, at this point in time I can't. So therefore I would be faced with eviction.

Not only can I not, but the problem exists that I can't afford to, and I don't think it would be worth it. My landlord is asking an exorbitant amount of money for a building that is, as is. There are repairs going on every day that I know would be put on to me as an expense: plumbing electrical-- We had an engineer come in. He's done some cosmetic work, it's true. But he's not done some of the major repairs that I will need to put out. And having put all the money that I have saved to someday buy a home, into this apartment, how am I going to afford to make these repairs? I just won't have any money left.

I'm not poor, and I don't need subsidizing. I really resent that because that is really ignorant on your part. I happen to have a degree from a college. I'm not a stupid person. (response from audience) No, what I'm saying is that you're ignorant, because the problem is that it's exactly people like you-- People like you are separating the tenants and the landlords from coming to a compromise. We're not looking for a handout, but don't gouge us either. Don't take a building and ask an exorbitant amount of money for something that needs a lot of repairs. It's a false idea that the landlords have that people are looking for a handout.

We're willing to compromise. We can understand that there have been low rents and so forth. We're willing to compromise. But what's happening is you're taking these buildings that are rent controlled, and you're taking them at \$300 or \$400 a month, and then forcing those people to pay somewhere around \$1200 a month. You're going from one extreme to the other. It just can't work. There has to be something in the middle. There are landlords that are probably honest, and probably are looking to do a little better than others. Then there are others, like ours, who are taking advantage of the people, and that's really not fair.

Unfortunately, we couldn't come together and put \$100,000 into affording attorneys like you have. Therefore, we have to fight on our own and come to our municipal leaders and our legislators to ask for help because this is a state of emergency now. We need their help and that's why we come to them. You at least have your attorneys that you can afford. We're looking to them for help, and it must be retroactive. We've been fighting for a long time. I myself have been fighting for over a year. I'm willing to listen, but I feel that we really should have something put in there where it is retroactive for all these people fighting so long just because they haven't come to some type of decision. That's not our fault.

In the meantime, thousands of people are being displaced -- children, old people, and they're not protected. I'm sorry about that. I've witnessed it. I've seen people put out on the street, to the point where perhaps a current owner will increase the rent because of repairs or modernization, or harassment, and put them out. I'm not saying that you all do that, but there are some that do. We're forced to the point where we've got to fight. We have nothing left. We're being thrown out, thousands a day. We need this now. We need some type of relief now, and retroactive.

ASSEMBLYMAN DARIO: Thank you, Mrs. Mendoza. All right, ladies and gentlemen. There is really-- What I can say as far as what I've seen here, is the fact that we do need a lot of work. And I think we've got to try to do something where we can bridge together, where there's a conduit. And perhaps the Legislature can be that conduit. I think that perhaps if we enlighten some of our legislators who don't live in urban cities as we do, and let them know what the problem is, and how to solve it on both ends-- It is most difficult. I do not know the answer now, but let me say this, we may disagree, as long as we're not disagreeable I think somewhere along the line perhaps we can meet some sort of fairness.

I do want to thank everybody that came here tonight. We will have more hearings. You will know about it. And when the day comes, perhaps we can look back and say, "Yes, we argued. Yes it was a long night in West New York. But yes, we got something accomplished." Good luck. God bless you.

(HEARING CONCLUDED)

APPENDIX

New Jersey State Library



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MEMO TO: Members of the Urban Policy and Waterfront
Development Committee

RE: Public Hearing on Condominium Conversions
St. Joseph's High School, West New York

FROM: Susan Covais, Government Affairs

DATE: May 6, 1987

On behalf of the 40,000 member New Jersey Association of REALTORS I would like to thank the Committee for the opportunity to present the Association's comments on the issue of condominium conversions.

Today in New Jersey, multi-family property owners are fighting battles on two fronts. Various municipalities are seeking to place moratoriums on condominium conversions and to limit the amount for which an owner may sell a condominium. In addition, the state legislature is dealing with proposals, Assembly Bill 3283 and Senate Bill 3266, which allow a majority of the tenants in a building to decide on whether the owner of that property may convert the rental units to condominiums. These proposals all deal with one basic issue, whether a governing body has the right to restrict what a property owner may do with his/her property.

Our Association believes that a governing body should not have the right to unreasonably restrict private property rights. These proposals regarding condominium conversions go directly against what is framed in New Jersey's State Constitution Article I clearly says:

"All persons are by nature free and independent and certain and unalienable rights, among which are those of enjoying and defending life and liberty, of acquiring, possessing and protecting property, and of pursuing and obtaining happiness."

The "anti-condo" proposals purportedly seek to protect the rights of citizens to have decent and affordable housing. Our Association does not debate that "right". However, to provide this right, a public goal, at the expense of the rights of

individual property owners is unfair and, as the courts may decide, unconstitutional. There is definitely a need for more and affordable housing in New Jersey. These "anti-condo" proposals are not the way to achieve these goals.

The fact is that these proposals prevent additional affordable housing. They do not provide housing either. By enacting restrictions on condominium conversions you're only protecting, or providing housing for those people who already occupy the units. What about the present and future housing needs in New Jersey? Our Association argues that the more restrictions you put on multi-family or any other development, the more costly it becomes and the more a developer is encouraged to go elsewhere. Therefore, these proposals not only don't provide housing, they actually discourage its creation and will make what is created more costly.

The attempts to keep buildings from being converted and thereby retain units that are rent controlled leads us to the fallacy that rent control protects low-income households. According to the Federal Trade Commission's 1985 report on rent control in Washington, D.C., rent control's "...beneficiaries...most often include persons who can afford to pay much more for their housing needs."

As we will hear from other REALTORS and property owners during this hearing, taxes paid by owners of rent-controlled buildings are lower than they could be because these buildings can only be taxed according to the building's "value" which is based on its income-producing ability. Therefore, homeowners in a rent-controlled municipality must make up the difference in the tax base. As a result, homeowners are likely to be subsidizing the rents of people who could be in the highest income brackets.

NJAR believes there must be a way for everybody's rights to be respected and protected in the issue of condominium conversions. We need more housing in New Jersey, not more restrictions on the housing we already have. We need more dialogue on the issue of rent control and how rent control has hurt the production of rental residential housing in New Jersey, not more rhetoric on who rent control does or does not protect.

Finally, we need to protect and defend that very basic right for which our founding fathers fought a war, the right to own and enjoy private property. As John Adams once said, "The rights of property are the same as the rights of liberty for without these rights, there can be no liberty."

NJAR stands ready, willing and able to work with concerned leaders and residents to find a responsible solution to the housing crisis.

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N. Y.
PA.

May 4, 1987

Assemblyman Ronald A. Dario
408 West 36th Street
Union City, New Jersey 07087

RE: ASSEMBLY BILL NO. 3283

Dear Mr. Dario:

I am writing this letter on behalf of my clients who own apartment buildings. Some of them are holding these buildings for investment purposes and some are presently involved in the conversion process. Since you are holding a hearing on the subject bill, which I may not be able to attend, I request that this letter be made part of the hearing's record.

I have reviewed this bill with my clients and wish to set forth our concerns. We appreciate the concerns expressed as stated in newspaper articles that tenants are being displaced. In some instances that is true but in a vast majority of conversions the tenants become purchasers of their units and obtain the benefits of being a property owner. It is crucial to recognize that housing units are not being destroyed, they are only being converted from rental units to ownership units. Somebody or some family is still going to reside in that apartment unit.

It must also be recognized that the municipality and particularly other property owners in the municipality will benefit from the conversions. It is an accepted fact that once an apartment building is converted into fee ownership condominium units the real estate assessment and the resultant real estate taxes paid to the municipality substantially increase. This helps reduce increases in the municipal tax rate while at the same time property owners are no longer subsidizing, through high tax rates due to low assessments on rent controlled buildings, the real estate taxes on these rental apartment buildings.

3x

Assemblyman Ronald A. Dario
May 4, 1987
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Additionally there is a benefit to the municipality since, in most conversions, the buildings are renovated and rehabilitated. This helps stabilize neighborhoods and add to the attractiveness of the municipality.

In the Legislative Statement at the end of the bill, it is stated that "This bill would give tenants and local government a measure of control over conversion ...". I think that it is only fair to recognize the reality of the bill is that it will not give tenants and local government a "measure of control" but the bill will result in absolute control over conversions being given to the tenants and local government. I would then believe that such a result would be a form of condemnation of some property rights and that apartment building owners would be entitled to compensation from the municipality or the state government.

An examination of the bill reveals why it, in reality, vests absolute control in the tenants and municipal governments. The bill contains a requirement that the conversion application must contain a certified copy of a municipal ordinance which determined that the conversion "will not result in, or tend to create, a critical shortage of rental housing" (page 5, lines 125-126). Such a requirement is to ask for the impossible. Putting aside the political ramifications of a governing body even considering such an ordinance, the determination is impossible to achieve since no one has a crystal ball from which to determine the future needs of municipal residents. How is anybody able to determine whether future residents of the municipality are or "are not financially capable of acquiring ownership interest in their dwelling units" (page 5, lines 131-133).

Additionally, the above requirement gives no consideration to the distinct possibility that the next cost of condominium ownership, after tax benefits, may be only nominally greater than the cost of paying rent. Nor is there any consideration given to the benefits of ownership as compared to rental status.

In regard to subsection d of paragraph 5 (page 6 lines 32-38 and page 7 lines 39-53), I submit the following comments:

- a. How or why would a tenant enter into the required "written agreement to purchase" since (1) it would be prior to registration and the current law, even as proposed to be amended, does not permit binding agreements prior to registration; (2) the written agreement to purchase would most likely contain a mortgage contingency and even if the mortgage contingency was satisfied the registration and unit closing would not occur within the mortgage commitment 60-90 day closing period; (3) title closing may not take place for more than a year in the future.

Obviously, the requirement is intended to only protect that small class of tenants who will not buy under any circumstances but penalizes those tenants who wish to buy.

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b. To calculate the 50% requirement as of the date that the application is filed is unfair. This requirement fails to take into consideration any vacancies or new tenants that might occur during the subsequent fifteen months or tenants after that date who become eligible for protected tenancy status.

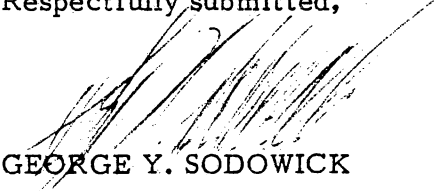
The "new section 7" (page 7 lines 1-17) also contains problems. What happens in the situation where a tenant does not purchase during the 90 day period or 6 month period as stated in this section and his unit is sold to a third party but then under the existing Act the tenant is given a new 90 day exclusive right to purchase? Is the purchase agreement with the innocent third party null and void if the tenant now wishes to purchase? Who reimburses the innocent third party for his bank fees, attorney's fees and other costs if his purchase agreement is terminated?

Lastly, it is not clear if the bill only affects offerings not accepted for filing or those not yet registered. It is unfair for the bill to affect any offerings that have been filed with the State.

I think that the proposed bill is fraught with problems that render the bill in conflict with the existing Act, creates more problems than it resolves, takes away vested property rights, detrimentally affects real estate values and taxes and has the potential of harming innocent parties.

We are aware that a problem regarding rental housing and conversion does exist. However, Assembly Bill A-3283 is not the answer.

Respectfully submitted,



GEORGE Y. SADOWICK

GYS:df

cc: Assemblyman Paul DiGaetano
Assemblyman Joseph Charles, Jr.
Assemblyman Joseph A. Palaia
Assemblyman Wayne R. Bryant
Assemblyman Chuck Hardwick

ASSEMBLY, No. 2801
STATE OF NEW JERSEY

INTRODUCED JUNE 12, 1986

By Assemblymen CATRILLO, GARGIULO, Arango, Dario,
Doria and Charles

AN ACT to protect the rights of certain tenants affected by conversion of their dwellings to condominium or cooperative status, amending the title and amending and supplementing the body of P. L. 1977, c. 419.

1 BE IT ENACTED by the Senate and General Assembly of the State
2 of New Jersey:

1 1. The title of P. L. 1977, c. 419 is amended to read as follows:

2 An act to regulate and to require full and fair disclosure in the
3 disposition of certain real estate developments, located within
4 this State, *protecting the rights of certain tenants affected by*
5 *conversion of their dwellings to condominium or cooperative*
6 *status*, and providing an appropriation therefor.

1 2. Section 1 of P. L. 1977, c. 419 (C. 45:22A-21) is amended
2 to read as follows:

3 1. This act shall be known and may be cited as "The Planned
4 Real Estate Development Full Disclosure and Tenants' Protection
5 Act."

1 3. Section 6 of P. L. 1977, c. 419 (C. 45:22A-26) is amended
2 to read as follows:

3 6. a. Unless otherwise exempted:

4 (1) No developer may offer or dispose of any interest in a
5 planned real estate development, prior to the registration of such
6 development with the agency, *except for an offering made to a*
7 *bona fide tenant in occupancy pursuant to subsection d. of section*
8 *10 of P. L. 1977, c. 419 (C. 45:22A-30). But nothing herein shall*

Matter printed in italics thus is new matter.

9 bar a developer whose application for registration is pending
 10 with the agency from entering into agreements with persons other
 11 than bona fide tenants in occupancy of a development subject to
 12 the provisions of subsection d. of section 10 of P. L. 1977, c. 419
 13 (C. 45:22A-30), provided such agreements are contingent upon
 14 subsequent registration of the development and do not infringe
 15 upon any rights of tenants in occupancy pursuant to this act or
 16 any other law.

17 (2) No developer may dispose of any lot, parcel, unit, or interest
 18 in a planned real estate development, unless he: delivers to the
 19 purchaser a current public offering statement, on or before the
 20 contract date of such disposition.

21 b. Any contract or agreement for the purchase of any parcel,
 22 lot, unit, or interest in a planned real estate development may be
 23 canceled without cause by the purchaser by sending or delivering
 24 written notice of cancellation by midnight of the seventh calendar
 25 day following the day on which the purchaser has executed such
 26 contract or agreement. Every such contract or agreement shall
 27 contain, in writing, the following notice in 10-point bold type or
 28 larger, directly above the space provided for the signature of the
 29 purchaser:

30 "NOTICE TO THE PURCHASER: you have the right to
 31 cancel this contract by sending or delivering written notice of
 32 cancellation to the developer by midnight of the seventh cal-
 33 endar day following the day on which it was executed. Such
 34 cancellation is without penalty, and any deposit made by you
 35 shall be promptly refunded in its entirety."

36 c. Notice as required in subsection b. shall, in addition to all
 37 other requirements, be conspicuously located and simply stated in
 38 the public offering statement.

39 d. The developer shall make copies of the public offering state-
 40 ment freely available to prospective purchasers prior to the con-
 41 tract date of disposition.

1 4. Section 10 of P. L. 1977, c. 419 (C. 45:22A-30) is amended to
 2 read as follows:

3 10. a. Upon receipt of the application for registration in proper
 4 form, and accompanied by proper fee, the agency shall, within
 5 10 business days, issue a notice of filing to the applicant. Within
 6 90 days from the date of the notice of filing, except when the de-
 7 velopment is subject to the provisions of subsection d. of this
 8 section, the agency shall enter an order registering the develop-
 9 ment or rejecting the registration. If no order of rejection is

10 entered within 90 days from the date of notice of filing, the de-
11 velopment shall be deemed registered unless the applicant has
12 consented in writing to a delay *or the development is subject to*
13 *the provisions of subsection d. of this section.*

14 b. If the agency affirmatively determines that the requirements
15 of section 9 of this act have been met, it shall enter an order
16 registering the development, *except as otherwise provided in sub-*
17 *section d. of this section.*

18 c. If the agency determines upon inquiry and examination that
19 any of the requirements of section 9 of this act have not been met,
20 the agency shall notify the applicant that the application for
21 registration must be corrected in such particulars, within 30 days,
22 as designated by the agency. If the requirements are not met
23 within the time allowed, the agency may enter an order rejecting
24 the registration which shall include the findings of fact upon
25 which the order is based. The order rejecting the registration
26 shall not become effective until 20 days after the lapse of the
27 aforesaid specified period during which 20-day period the applicant
28 may petition for reconsideration and shall be entitled to a hearing.
29 Such order of rejection shall not take effect, in any event, until
30 such time as the hearing, once requested, has been given to the
31 applicant.

32 d. *A development that would result in conversion of a building*
33 *or group of buildings from residential rental status to cooperative*
34 *or condominium status shall not be registered until more than 50*
35 *percent of the bona fide tenants in occupancy of all dwelling units*
36 *in the building or group of buildings on the date when the appli-*
37 *cation for registration was received by the agency shall have*
38 *executed and delivered written agreements to purchase made pur-*
39 *suant to an offering in good faith without fraud and with no dis-*
40 *criminatory repurchase agreements or other discriminatory in-*
41 *ducements. For the purpose of determining the number of bona*
42 *fide tenants in occupancy on that date, any tenants eligible for*
43 *protected tenancy under the "Senior Citizens and Disabled Pro-*
44 *ected Tenancy Act," P. L. 1951, c. 226 (C. 2A-16-61.22 et seq.)*
45 *shall be excluded. If within 15 months of the notice of filing issued*
46 *by the agency written agreements to purchase in the number re-*
47 *quired have not been executed, the application for registration*
48 *shall be rejected; and in the event of such rejection, or of voluntary*
49 *withdrawal of the application by the developer, no new application*
50 *involving the conversion of that building or group of buildings*
51 *shall be accepted for filing for at least 12 months following the*

52 *date of rejection or of the developer's filing of written notice of*
 53 *withdrawal.*

1 5. (New section) On the thirtieth day next following the issuance
 2 of a notice of filing by the agency with respect to a development
 3 subject to the provisions of subsection d. of section 10 of P. L.
 4 1977, c. 419 (C. 45:22A-30), and every thirtieth day thereafter
 5 until the application is registered, rejected or withdrawn, the
 6 developer shall file with the agency a written statement, under
 7 oath, setting forth the percentage of the dwelling units in the
 8 building or group of buildings subscribed to by bona fide tenants
 9 in occupancy as of the date of the statement, and before noon
 10 on the day the statement is filed post a copy thereof in a promi-
 11 nent place accessible to all tenants in each building covered by the
 12 application.

1 6. (New section) When the agency has issued a notice of filing
 2 of an application for registration subject to the provisions of
 3 subsection d. of section 10 of P. L. 1977, c. 419 (C. 45:22A-30)
 4 the tenants in occupancy on the date of issuance shall have for
 5 90 days thereafter the exclusive right to purchase their dwelling
 6 units, or the shares allocated thereto, during which time a tenant's
 7 dwelling unit shall not be shown to a third party unless he has
 8 in writing, waived his right to purchase. After expiration of that
 9 90-day period a tenant in occupancy of a dwelling unit who has
 10 not purchased shall be given the exclusive right for an additional
 11 six months to purchase that dwelling unit, or the shares allocated
 12 thereto, on the same terms and conditions as are contained in an
 13 executed contract to purchase the dwelling unit or shares entered
 14 into by a bona fide purchaser; and this exclusive right shall be
 15 exercisable within 15 days from the date of mailing to the tenant
 16 in occupancy by registered mail of notice of the execution of the
 17 contract, together with a copy of the executed contract.

1 7. This act shall take effect immediately.

STATEMENT

This bill, adapted from a similar statute now in effect in New York, would give tenants a measure of control over conversion of apartment houses and complexes from rental to condominium or cooperative status.

Under current New Jersey law, the decision to make such a conversion is solely up to the building owner; and, though tenants are protected against immediate eviction, the conversion is sufficient legal grounds for terminating the tenancy of any tenant.

who does not purchase his dwelling unit under the new ownership plan.

This bill would require that, before a conversion plan can be registered under the "Planned Real Estate Development Full Disclosure Act" — which is a legal prerequisite to the offering and sale of the units — more than half the existing tenants must agree to become purchasers under the new plan. After filing for registration, the developer would have 15 months in which to sign up the required number of tenants as prospective purchasers; if he could not do so, his application for registration would be denied, his plan could not go forward, and he would be barred from making another application regarding the same building or complex until a year had passed.

During the 15 months allowed for signing up the existing tenants, the developer would be required to report, in writing, every 30 days to the Division of Housing and Development in the Department of Community Affairs (which administers the "Planned Real Estate Development Full Disclosure Act") upon the percentage of tenants who have agreed to purchase. A copy of this report must also be posted "in a prominent place accessible to all tenants in each building."

For the purpose of calculating the number of existing tenants to which the percentage requirement applies, senior citizens and disabled tenants, who are in any case protected from eviction under the "Senior Citizens and Disabled Protected Tenancy Act," P. L. 1981, c. 226 (C. 2A:18-61.22 et seq.), are excluded.

The bill further provides that, for 90 days after the developer files his application for registration, each tenant has the exclusive right to purchase the dwelling unit in which he resides, and it shall not be offered to anyone else. Thereafter, for an additional six months, if any third party agrees to purchase the unit, the tenant has also the right to preempt the purchase if he agrees to the same terms to which the third party has agreed.

LANDLORD—TENANT AND CONDOMINIUMS

Requires that majority of tenants agree to purchase units before conversion of rental dwelling to condominium or cooperative status.
