

PUBLIC HEARING

before

ASSEMBLY COMMISSION TO STUDY THE AVAILABILITY OF URBAN HOUSING
(Created Pursuant to Assembly Resolution No. 23)

Held:
August 10, 1978
Multi-Service Center
Hoboken, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Assemblyman Peter Shapiro (Chairman)
Assemblyman Emil Olszowy
Assemblyman Charles Mays

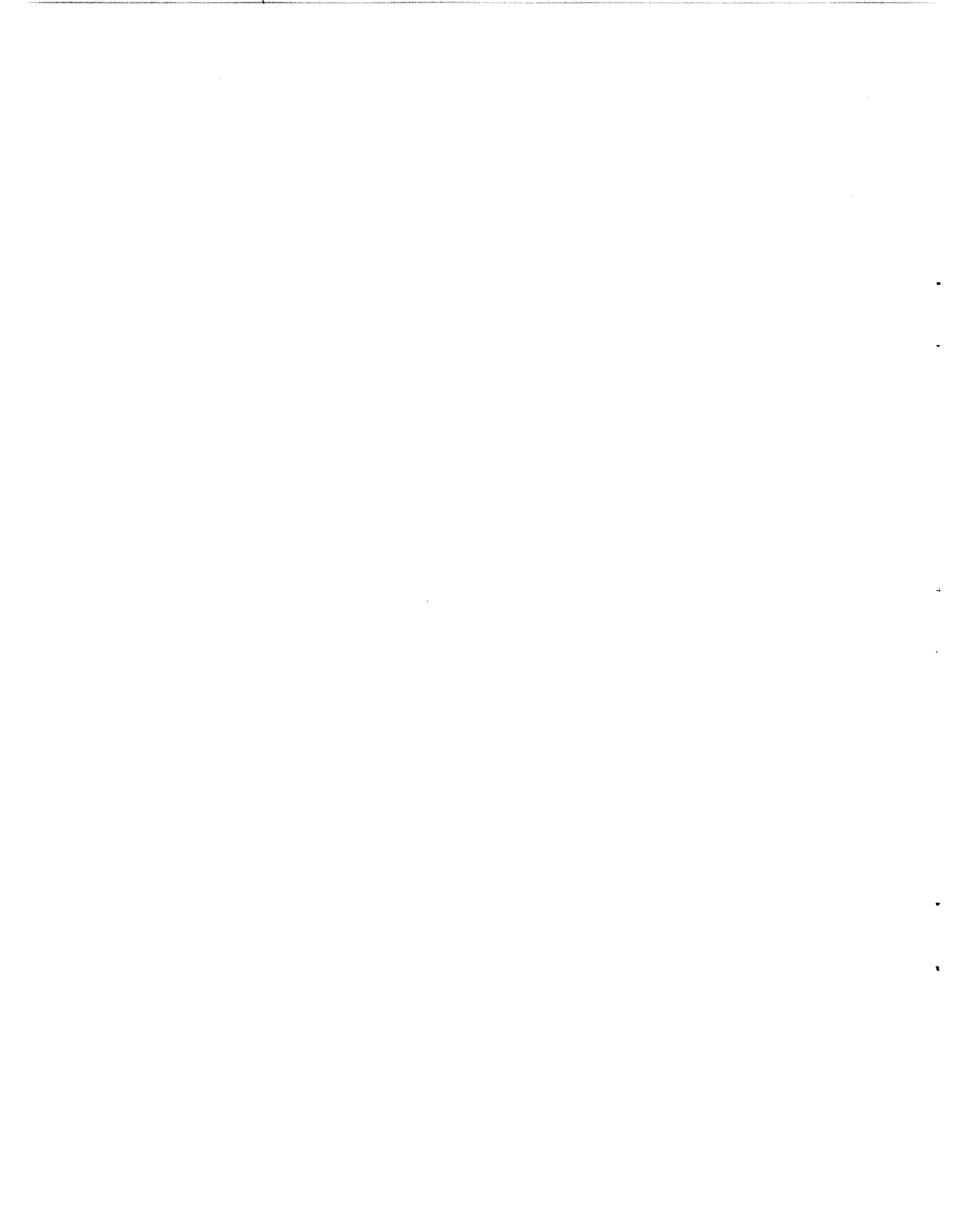
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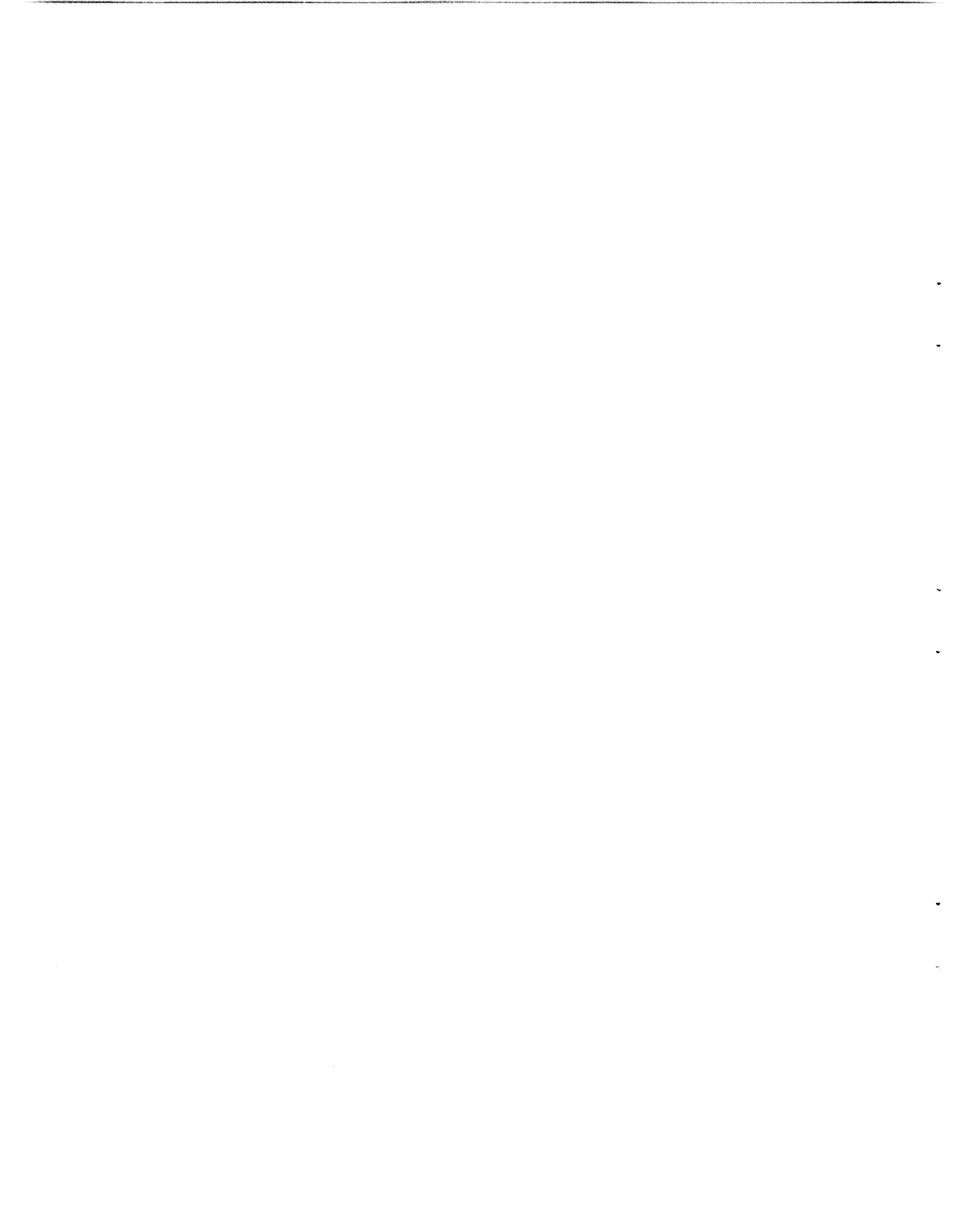
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ASSEMBLYMAN PETER SHAPIRO (Chairman): This is the fourth hearing of the New Jersey State Assembly Housing Commission. My name is Peter Shapiro. I am an Assemblyman from Essex County, and I am Chairman of this study commission. This is a rather noisy room, and it is very difficult for us to hear people clearly in this room, so I am going to ask all of you to maintain silence as much as possible. If there are children in the room who cannot be made silent, I will have to ask them to leave.

This Commission will be here for the purpose of hearing problems about the urban housing situation. We are not here at this point to make any decisions. You will see no voting by this Commission. We are simply here to hear various comments on the subject of urban housing. We are looking at the question of relocation and at the question of rehabilitation, and the questions generally involved in and around urban housing. We will be principally emphasizing state issues, so I would appreciate those who testify restricting their comments to issues that bear directly on the laws of the State of New Jersey.

We have a set agenda for today. People have already signed up to testify. We only have a finite number of hours in the day, so, therefore, anyone who feels they would like to offer some additional information to the Commission is welcome to do so, and you may submit that written testimony. We will review that very carefully, and take everything you submit in that written testimony with the same degree of seriousness that we take the spoken testimony today. We have a very large crowd today, and a rather volatile one. I am going to ask you to remain quiet, and I am going to ask you not to show any demonstration of approval or disapproval of any of the speakers. I would like to ask you to refrain from applauding as much as possible. We are here to consider some very serious issues.

I would like to introduce the members of the Commission. To my left is Assemblyman Charles Mays, who represents the 31st district here in Hudson County, which includes Jersey City and Bayonne. To my right is Assemblyman Emil Olszowy who represents part of Passaic County.

ASSEMBLYMAN OLSZOWY: I represent the 34th district which is comprised of the cities of Passaic, Clifton, Totowa, Little Falls, West Paterson, and Haledon, New Jersey.

ASSEMBLYMAN SHAPIRO: I represent part of Essex County, as I said. I believe we can now begin. The first witness is Mayor Steve S. Cappiello.

S T E V E S. C A P P I E L L O: Good morning. My name is Steve Cappiello. I am the Mayor of Hoboken. As the Mayor of the City of Hoboken, I would like to take a few moments to welcome you and to thank you in advance for giving the Hoboken residents the opportunity to express their views on urban housing.

I am certain that you have heard and you will continue to hear testimony addressing the various aspects affecting inner city housing. We are all aware of the many news accounts centering around critical issues in the State, such as family housing versus elderly housing, new construction versus rehabilitation, middle income housing versus low and moderate income housing, and relocation versus non-displacement. In addressing these issues, let me first state that Hoboken has always been the melting pot for the working class. Hoboken has opened its doors to the blue collar immigrants of Germany, Ireland, Italy, and the various Hispanic countries.

As an older inner city, Hoboken in the fifties and sixties suffered urban decay, not unlike most urban major centers. Having a housing stock built primarily

prior to 1910, deterioration became a major issue. Our employment base was vanishing, and our tax rateables steadily declined. We in the city recognize our weaknesses. However, we also recognize our strengths, and they are our neighborhoods, and the people who live in them. As an elected official for the last fifteen years, I have been directly involved in leading the attempts to revitalize my city. Prior to that date, various program approaches were tried, however, the most suitable method which was comfortable for Hoboken was in reality the method which Hoboken pioneered, rehabilitation.

Hoboken is in fact an urban success. And the record shows that we have been a front-runner in the development of a national policy which is now known as neighborhood preservation. The statistics you will hear from the testimony of the developer and from the community development agency will support that success. Hoboken has chosen not to displace low income families for the sake of upper income neighborhoods. Hoboken has continually been devoted to upgrading poor housing. In the past seven years, Hoboken has demonstrated, perhaps, the most successful dramatic statistics of any city on a per capita basis. Our track record includes the substantial rehabilitation of 1100 units for low and moderate income persons, and an astounding 25% of all of the housing stock in our city.

We have not forsaken low and moderate income residents in the city in the face of harsh economic realities, rising construction costs, extremely high interest rates, and a general questioning of the private sector as to the stability of our community. We have gone out front and designed innovative approaches and programs aimed at upgrading and providing decent housing for our people. We have gained national recognition through the awarding of grants by federal and state sources to demonstrate the programs such as the tenant and rehabilitation program, the municipal mortgage program, the overall development of multi-family housing. We have responded to home owners based on designing an innovative program, the home improvement program to permit those tenants to have their units repaired at reduced interest rates.

All of these programs have been geared toward finding the most efficient way of upgrading apartment units and at the same time utilize innovative approaches so that the cost of improvements can be lightened, ultimately assisting tenants by reducing the amount of additional rents necessary to support the improvements.

Recently our City has been attacked by ludicrous charges declaring an unruliness on our part in designing programs to benefit low and moderate income persons. The record clearly indicates that Hoboken has pioneered many programs which are now being evolved into strategies used in cities throughout the country to revitalize their own neighborhoods. Hoboken's track record has also demonstrated that this success is not just theory, but has been achieved, and that all housing programs have been aimed at improving housing for low and moderate income households, and we have found ways to do it within the rent capacity of low and moderate income people.

My administration has and will continue to work towards ways of inventing new approaches in upgrading housing and minimizing the cost to be borne by the local residents. We had, before today, an issue which deals with relocation throughout recent years in the State of New Jersey. Relocation has become a real controversial issue. Generally family unoccupied structures and factories are viable alternatives for producing housing. Hoboken has also been a leader in pursuing this type of development. However, let us honestly admit that finding suitable sites for conversions was not an easy process in the inner city. Therefore, we must confront

head-on the issue of rehabilitating unoccupied, deteriorating structures.

We have addressed the relocation issue, and done so successfully. Over 800 families were successfully relocated to facilitate a housing program of rehabilitation for low income and moderate income people. We did not attempt to displace or disburse low income persons to create new or upper income family housing. In the end, we were able to aide those displaced in getting out of the slums they were confined to. We were able to assist them financially and socially and ultimately all were given the opportunity to move into a better housing unit.

The ridiculous charges made recently and the intervention by outside forces to attack Hoboken's housing programs have been detrimental to the continuing progress of revitalization. Those housing developments which have been killed because of this interference, in the ultimate, may have damned the occupants to struggle or evict from those homes without any alternatives for assistance, and may have also damned the city, in the final analysis, to the liability of housing which is uneconomical, rapidly deteriorating and perhaps scheduled for abandonment.

Relocation in New Jersey must permit a mechanism to require tenants to move so that rehabilitation for low and moderate income households can be carried out. Legislation must also permit that a reasonable relocation benefit package be made available to those displaced. However, that package must be funded by the State and Federal Government and developers. Municipalities cannot afford to bear the cost of such a package.

In summary, I am proud of Hoboken's success and the initiatives accomplished aimed at continuing to revive the city with predominantly low and moderate income residents. No attempts have been made to skirt the issues in Hoboken. I can proudly say that we have upgraded the general quality of life for the residents of our city. I am enlisting your aid in amending present legislation and in the future development of new legislation to continue to help us create ways to upgrade and provide social programs which maximize benefits and minimize costs. Hoboken's experience is serving as an interlockatory for many other cities throughout the State of New Jersey and the country as a whole and has enlisted our help and our expertise to assist them in the development of programs which address the needs of their communities successfully as we are addressing the needs of ours.

I would like to, if I may, speak off the cuff for a minute. There is no doubt that relocation is a big problem. In doing the job that has to be done, Hoboken still has many multi-family units in which people live which are deteriorating at a rate that cannot be coped with by people who own these places, and as a result landlords have a tendency to milk and take out as soon as they can their initial investments and ultimately walk away leaving major problems behind for not only the tenants but the city and the other agencies involved.

Only last night I had the pleasure of meeting with a group of Hispanic people who reside in a block of tenements that is not scheduled for rehabilitation. However, I found that the people were being misled by landlords telling them to stick around a while, because there is plenty of relocation money for you people. Stay here. Just live this way a little while longer and a little while longer and we will see to it that you are relocated. This happens to be an untruth because we know today that the relocation monies are very difficult to come by, and as a result, I have spoken with people in rehabilitation to begin to take on a new tactic, and that is the possibility of rehabilitating a new place. While I have seen that done in the past, it has never been successful, but it is an indication that we

are not idle, and we just don't sit by and watch people live in bad housing. This group of tenants came forward and pleaded with me to put a meeting together with them and their landlords and some of the city agencies to map out a strategy so that they might too enjoy the quality of living that they now see being enjoyed by so many people in the various rehab projects of our city. I think that we can see now that the quality of life certainly has been improved. More than that, as the Mayor of this city, I have spent many, many hours and many, many days with various officials from other parts of the State of New Jersey who have come here because they are burdened with the same situation. We have shown them what we have done, and how we have done it, and the problems we have run into, and so on. We have had people come from as far away as California. Only last week I played host to the Secretary of Housing for the Commonwealth of Puerto Rico who wished to see what our accomplishments have been. This is the kind of success that we have had in Hoboken.

Gentlemen, I urge you, in future enactment of legislation dealing with these problems that you provide in the legislation for some reasonable way to allow for the movement of people so that they will not be uncomfortable while they are being relocated from one area to the other.

Assemblyman Shapiro, thank you very much. If there are any questions you have of me, I would be very happy to answer them.

ASSEMBLYMAN SHAPIRO: Any questions?

ASSEMBLYMAN MAYS: Yes. It seems that there is a problem with relocation in Hoboken. When a developer or anyone plans to build a high-rise a plan is supposed to be submitted. Now, is there a survey taken of the people who live there, as to whether they need one-family, two-family or three-family buildings? Are the apartments or houses going to be built in proportion to the people who have moved out, so they will get a chance to move back in?

MAYOR CAPPIELLO: Yes, people are always given the opportunity to move back in. There have been some areas where--- And I think a brief issue that caused some of our problems was building four and five-bedroom units in the projects to facilitate some of those families who have that need. However, it is not the City of Hoboken who would restrict that kind of development. It has been HUD who insures the loans that are given to redevelop and also the State Housing and Financing Agency who must be concerned that they are able to repay the bonds they go out to get. I think they have limited the number of housing units or the number of bedroom units that go into a project.

There is no question that high intensity housing has not been successful anywhere in the United States. However, we in the city would like to again explore the possibility of laying aside an area for such a project with the help of the State and the Federal Government. Assemblyman Mays, we have not been the ones to limit the construction. It has been the State and the Federal Government.

ASSEMBLYMAN MAYS: If you are going to dislocate a large family, and you are only building two-bedroom apartments, then there is no relocation. They are not coming back, because they are not building three and four and five bedroom apartments.

MAYOR CAPPIELLO: Well, let me tell you what has happened to some of those families who have been relocated. They have been the beneficiaries of the relocation grant, and it is not necessarily so that they came back into those apartments. Our relocation program has helped many of those kinds of people move into homes and buy homes with the relocation grants. They were given the money in a lump sum to use

as a down payment to buy a home to facilitate the bedroom needs that they have. When those people were not interested in a home, we have cooperated with the relocation program and laid aside big bedroom units where we could in our own housing projects. Hoboken certainly has one of the highest proportions of low income housing in the State of New Jersey.

ASSEMBLYMAN OLSZOWY: Mayor, I was very happy to come to your community. We have found the same problems in Atlantic City, except we find that people there who are paying \$250 per month are being evicted. I am privileged to serve on this Commission. I want to serve on this Commission because I would like to attempt to see what the State can offer to help rebuild this city by bringing back middle income people and bringing back wealthy people, and making it a homogenous community.

Now I have come to Hoboken and found out that you are having problems with doing what I am trying to accomplish. So, each community is different, and some problems may be isolated. Through the information that we arrive at today, we are hoping we can be of some assistance to you in coming to some solution. Assemblyman Shapiro should be complimented. He got us to serve on this Commission without any appropriations, no funding. We are doing this at our own expense, because we want to help people, especially the poor people, with housing. (Applause)

MAYOR CAPPIELLO: Inasmuch as you mentioned Atlantic City, Assemblyman, I might add that Mayor Lazarow spent the day up here with me looking around, and I spent the day in Atlantic City with Mayor Lazarow, offering our services. We brought down some of the people from our various agencies, so we are not concerned only with Hoboken. We are concerned with the quality of life for all the people in our State, and hopefully, the relocation needs that must come forward will come from future legislation. (Applause)

ASSEMBLYMAN SHAPIRO: Mayor, I have one final question. You asked that there be some amendments to the State laws. Principally, the ones you are speaking of are the ones relating to relocation costs by the State and Federal Government--- Is that the amendment you are speaking of?

MAYOR CAPPIELLO: Yes.

ASSEMBLYMAN SHAPIRO: Can you give us an estimation of just approximately what your relocation costs will be, if indeed you had to pay them in full today?

MAYOR CAPPIELLO: I would only go by our experience, and that would be approximately in the \$4,000 per unit area. The cost that I would say you would have to affix---

ASSEMBLYMAN SHAPIRO: Well, I would like to know the total.

MAYOR CAPPIELLO: I don't know if I understand your question.

ASSEMBLYMAN SHAPIRO: How much would that add up to city-wide in a typical year?

MAYOR CAPPIELLO: It has averaged here in Hoboken in the last four or five years, maybe \$7 or \$8 million; total, somewhere around \$1 1/2 million a year.

ASSEMBLYMAN SHAPIRO: That's the municipal borne cost?

MAYOR CAPPIELLO: That's what it would be. I must be very honest and say that is an impossibility for local government to do.

ASSEMBLYMAN SHAPIRO: Thank you very much. I understand that. (Applause) Next, we have a group of witnesses who will be testifying from Applied Housing Associates. Because we are running behind schedule, rather than have them all testify separately, I would like to ask for their forbearance and testify as a group and present their case to the Commission at this time. For that purpose

I would like to call to the witness stand Walter Barry, Joseph Barry, Ellis Anatole, and Eugene Hernandez. (Applause)

Before you begin, gentlemen, I would like to remind the audience to refrain from applauding. We are running on a tight schedule. We want to give people enough time to speak. Every time you applaud it delays us further and the less we can find out. So, if you could refrain from applauding, I would appreciate it.

I would like to ask the witnesses also to try to avoid putting applause lines in their remarks. Thank you.

W A L T E R B A R R Y: Mr. Chairman, members of the Commission, and members of the public, when we came here in 1972, we made a commitment to the community that jointly with the city organizations and Applied Housing we would attempt to upgrade the city and build housing that would take care of the poor, the large families, and we made a commitment to the Hispanic population in a meeting with leaders of their community that there would not be a lesser number of Hispanic families than had been in there before.

Now, we selected buildings that we thought were susceptible to rehabilitation. Not all buildings can be rehabilitated, and, therefore, we started on Willow Avenue at the old Tootsie Roll flats which have about the worse reputation for slums in the entire city. Now, we have completed 972 housing units in Hoboken which is roughly 70% to 80% of the entire number of housing units in the city.

Now, in reference to the commitment that we originally made, I want to point to a chart which shows the following: The overall number of units 972, 100%. Hispanic are 515 families, or 53%, non-Hispanic 457 or 47%. Now, mind you, there are approximately only 35% of the housing units which are occupied by Hispanics in the city of Hoboken. Therefore, in proportion there were far beyond the norm in the city as a whole.

Now, the senior citizens encompass 264 families, Hispanic only 63, non-Hispanic 201. The reason for that figure is so we can exclude them from the families as a whole. If you number the units that are two-bedroom, three-bedroom, and four bedrooms, the total number of units would be 708; Hispanic would be 452 or 64%, non-Hispanic 256, or 36%. Therefore, the conclusion would be that the proportion would be higher than 70% of the population are Hispanic, which is far beyond the commitment which we have made. (Applause)

Now, at the same time, we committed ourselves to the city fathers, we committed ourselves to the city council and model cities and said that we would go and manage in such a fashion that we would not end up two or three years later as has happened in the South Bronx, St. Louis and throughout the country with slums again. Our buildings are up, perfect by comparison, and I give all the credit to our tenants. (Applause)

ASSEMBLYMAN SHAPIRO: I again want to remind the audience as much as possible we are here to listen to the testimony. We have only a short period of time. These four people only have until twelve fifteen to complete their testimony, and they are not going to get all they want to say in because of your demonstrations.

ASSEMBLYMAN OLSZOWY: Can you address the Commission, please. We are here to find out what is going on. Don't talk to the public; talk to us.

MR. BARRY: Now, just to give you an idea of the character of the apartment, the 952 apartments, as you see by percentages, 2% are efficiencies, 21% are one bedroom, 38% are two bedroom, 32% are three bedroom, and 7% are four bedroom. Almost 40% are three-bedrooms and over, which is unparalleled in the buildings that are

going up in all subsidized housing in the country. Secondly, the percentage of households headed by females is 36% which again is unusual, and we are able to absorb them and help them. The income levels of tenants by HUD regulations are: Very low 47%, low 50%, moderate 3%. Tenants receiving welfare, social security, unemployment benefits: 40%.

Now, it can be seen that we have taken into consideration and carried out far beyond any requirements by HUD or any social agency the attention to the very poor and the poor. Now, one issue that I have to discuss in relation to relocation is the question of tenant selection. This has become an issue. Now, tenant selection is not tenant discrimination. Tenant selection in fact is tenant retention, and I will explain that. If you have 35 units, as an example, you only need one problem family to guarantee the final extinction of that project as a successful project. I will explain why. That one family with destructive kids, or a wife beater, or an alcoholic or narcotic user will set a tone so that the so-called responsible families also will move rather than have to live in the same place with them. Then the reputation of the building becomes bad. We cannot attract stable families, and in due time your choice is limited, and in desperation you take anybody you can, and before you know it, you have a slum.

The tenant selection has nothing to do with sex, ethnic background or with income; it has to do with family stability. How is that determined? We interview our tenants at the office. We then go to the places they live, because this is a small town; we also find out through the neighbors what the reputation of the family is. This is the only distinction. No matter how well our tenant selection process, we get problem families. We, the management, cannot solve the issue of problem families, but I can tell you who does, the tenants, who are the peers. And either they improve, or the pressure of the tenants finally convinces those families also to move so that we have very few evictions as a result of management determinations. People move because the tenants are not going to take destructive kids, or wife beaters, or loud noises at three o'clock in the morning. They are the ones who take this into consideration.

Our policy is, in connection with tenant selection, the tenants must be served. If proper attention is given to the tenant, you have a satisfied tenant. If you have a satisfied tenant, you will have applied for a tenant, and the result is that our vandalism and destruction in our buildings is almost non-existent.

In connection with tenants, from the very beginning we have encouraged the tenants to form tenant organizations, so that all of our buildings are tenant organizations. We meet with the tenants on grievances, but more often, because there are not that many grievances, we meet on common programs. As a result of our combined activity, we went to Washington and were able to procure benefits for unemployed. Heretofore, if you were unemployed, you were not allowed to lower your rent. Now, through a program that HUD has introduced, an unemployed person goes down and pays rent based on their income while they are unemployed. They go back up to their previous rate when they go back to work.

We have also convinced HUD in our new buildings that sleeves for air conditioning should be built rather than forcing the tenant to put the air conditioner on the windowsill. And, innumerable other changes have been made as a result of combined efforts of the tenants and ourselves. So, the social outlook that we have developed is a practical one which has resulted in a continuing relationship between ourselves and the tenants on common problems of this nature.

Rehabilitation is not a happenstance responsibility. We have been very careful to select buildings which are susceptible to rehabilitation economically and physically. Now we have a current problem concerning the building which we are out of. I want that made clear. We are not in the building at Washington and Bloomfield Avenues. I just want to show you the problems. Three, four and five bedrooms in high rise or mid-rise elevator buildings are not allowed by HUD. You are not allowed to build three's, four's and five's in mid-rise, high-rise except in exceptional circumstances.

Here are the buildings we have used in the past. You will notice there are 312 linear feet space around the perimeter of the building because of the base and the windows. The building that we are talking about on Washington and Bloomfield Avenues is a square. There are no bays. Therefore, it is impossible economically to build large bedroom apartments because you don't have the windows, the sunlight, which is required by law. So, when we came into the picture, we designed the building according to the best that we saw. We didn't even come in initially. A non-profit group was the one that started this. The State told them that they wouldn't qualify, so they brought us into the picture to help them out. We then designed a building that would take in one's and two's.

Without question, those same families that will require three and four and five bedrooms couldn't come back. But, the decision that has to be made here is, do they stay in those slums which are deteriorating to the point that they are going to be abandoned in another year or two? They are not going to be upgraded. The owner is going bankrupt. Another question is, do we redo this, find some way to replace the people, take back those who are eligible if they meet the requirements? If they are bad families, and I have named them for you, narcotics, alcoholics, wife beaters, and so forth, we won't accept them back. We make that clear in tenant selection.

Insofar as the other 35%, we agree there is a serious social problem. We were willing to participate with the city, the state and the feds in trying to resolve this, but it can't be resolved in a particular building where you know that if you put three's and four's and five's you are going to guarantee the eventual destruction of that very same project. Here, even when we put four bedrooms in, I can tell you right now we have a very serious problem. In every project where we have density of three's or four's we have special problems that we have to face in expense and in attention. It was not because we were withdrawing from three and four bedrooms that we designed this, it was because the building itself does not allow it.

It is ironic, because the struggle we had in North Bergen last year with Mr. Baslow and the tenants was just about the opposite thing. We wanted three's and four's and he objected to our changing that building. We had to go to the State Supreme Court to finally resolve it. I won't go into that now in detail except to show you very rapidly the difference which led to the decision which we reached. Thank you.
(Applause)

ASSEMBLYMAN SHAPIRO: I would like to emphasize the fact that we have a time problem. We are going to have to keep the presentation as short as possible.
Mr. Joseph Barry.

J O S E P H B A R R Y: I will attempt to be very brief. My name is Joseph Barry. I am an attorney. I am also a partner with Applied Housing Associates. What I want to address is this: In Hoboken, and the reason you are here, this all has arisen out of a problem concerning the relocation and what would happen to people

on a block of any area in Hoboken. I charge - and this is the second hearing I have come to in two years- that the State laws which were passed for the purpose of preventing arbitrary evictions under the Good Cause for Tenants Act forgot about the problems and needs of urban housing and urban rehabilitation. So you have a law that exists now that says that the owner of those buildings can close them down, can tear them down, and evict everybody without the benefit and therefore can eliminate housing, but there is no way to upgrade that housing. That's what the law has presently said, because to upgrade that housing there is no basis, unless those buildings are so bad that the State and Federal Government chooses to close them up, there shall be no eviction, and if the State or federal Government chooses to close them up, then they will have to pay \$4,500 per family which the State Legislature has not appropriated to produce 1,000 or 2,000 units even in the State.

So, what we wanted to do, the production that's needed in Hoboken alone, there would be required \$1 million to \$1 1/2 million a year for Hoboken relocation money. Now, here is where I am going to start to get on the issue for Hoboken. We made a proposal to the tenants of the block across from Shop-Rite in the block of Bloomfield and Battery. We told the tenants that there would be problems. We did not try to fool them; we did not tell lies to them. We told them there would be problems.

We called a meeting of the tenants of that block. This is a history which is very important for everybody to understand. We called a meeting with the tenants of that block. We said, "Here are the problems." One, we can't make large bedroom apartments, three, four and five. We did guarantee we would fight for at least fifteen three bedroom units. Two, therefore, we knew everybody could not come back. But we guaranteed, one, that whoever did come back, the buildings would reflect the ethnic population that was there before, and we guaranteed the buildings would be at least 50% Hispanic, and in fact whatever percentage Hispanic the tenants thought was fair.

We guaranteed that for those families who could not come back, we would get the \$4,500 benefit before they would have to move. We guaranteed that the buildings would be low income, low rent, and therefore, the majority of people who had been there would qualify to come back and pay very low rents for very good buildings. We did not want to fight. We made a proposal and asked for the tenants to accept or reject that proposal. They rejected that proposal, we think, very mistakenly, and on the basis of very bad advice.

Now, the question is, who is hurt? What should the fight here be about? What is the fight in Hoboken about? What is the fight with regard to the relocation laws? We recognize that it is better to build more housing, to build more bedrooms in the apartments, to do more of the same program in a bigger and better way to service more and more people. But the fight has been picked with us, and it has been picked with the City of Hoboken and the community of Hoboken. What has happened as a result of that project which we said we would not get involved in is the following: One, 200 units of low income housing in this city have been blocked. Now, there are 150 families in that block who have nowhere to go. They have no benefit; they have no housing. In addition to having no benefit and having no housing, now, those who gave this advice to them, this bad advice, have covered up their blocking of this project by suing to cut off the community development funds of the city, and suing to cut off \$4 million to the public park.

We recognize that large families, large low income families, should have housing. We are willing to make a proposal, but we are builders. We are not destroyers.

We made a proposal to the community of Hoboken, particularly to the Hispanic community of Hoboken, and I don't think this community of Hoboken is our enemy. (Applause)

ASSEMBLYMAN SHAPIRO: Assemblyman Mays would like to say something.

ASSEMBLYMAN MAYS: We understand the problem that's been going on in Hoboken, but we are here to find out what's happening around the State. I know you are having problems, one side against the other, but I wish you would please concentrate on how we can get better housing. Please speak to the Commission, and not to the public.

MR. BARRY: All right, here is the proposal. We say we cannot solve all the problems by ourselves, so we think it should be done in combination with the city, the state, and the federal government. The City should have the responsibility for the carrying on of a program, with a partnership between the housing and the Hispanic community of Hoboken, and that demonstration is this: It is impossible in rehabilitation alone to solve the problem of large bedroom families. The density is too great and the cost is too great. Let us pick sites in this city, and at the cost of a four bedroom apartment to be rehabilitated now, costs in excess of \$65,000 for an apartment, we can build, the community can build, low-rise, low income, low density housing on the vacant land in this city. And I think with the track record in Hoboken, and if we make a partnership instead of a fight, we can produce some results in this city.

We have made a proposal; it is on the record; it is up to the community to pick up the ball. Let us build for a better Hoboken. Let us contact the State, let us contact the Federal Government, and let us talk to the city and build some more housing here instead of tearing the city apart, which is, I think, what is happening now. Thank you. (Applause)

ASSEMBLYMAN SHAPIRO: Thank you very much. We are running off schedule. If possible, I would like you to restrict your comments to only a few minutes. The members of the Commission, as you probably know, were able to tour some of the facilities this morning, and we got a peek, at least, at the problems of maintenance and management. So, if you can keep that in mind, that may save time.

ELLIS ANATOLE: My name is Ellis Anatole. I am the Comptroller of Applied Housing Associates. I have been with them since 1972. Previously, I worked with the developer in the Newark area. As Comptroller, my major responsibilities are to make these developments work relative to financial operations, budgets, costs, and other projections, and to that the management activity is in conformity with State and Federal government agencies' guidelines to insure a successful operation on the part of the agencies who require sound, stable financial income, and from the owners who wish to see a growing interest on their investments.

Because of my previous background in subsidized financial housing operations, I have concluded that these programs can only be successful with efficient management which means stringent measures both financially, by eliminating waste, and by tenant selections and integration which ultimately reduces operating costs to achieve financial stability. All these are accomplished within the guidelines as described to you by all the various governmental agencies. Whether it is to raise the size of the apartments, et cetera, my staff and I have formulated - as we went along - guidelines which we rigidly adhere to. In retrospect, these guidelines were approved by our current tenants.

Some people who have applied for apartments have been rejected on the basis of being problem families. I call these regulations discriminatory. Bear in mind

that it would be discrimination to accept these tenants who are lacking our requirements. It would be discriminatory to the current tenant who would have to put up with hardships and suffer some discomfort from deterioration of the current housing because we were lax and not careful. By accomplishing these goals of efficient management, we have achieved an ongoing operation which is successful and would satisfy not only the social desire of providing safe, decent housing for a little money, but with our track record, we will be able to encourage investments of government agencies who stand behind our ventures. We are sure we have proven the purpose of social need for even more families and some capital investments for future investors. Let us not forget we have pride of ownership. There is no one to fall back on. There is no one to help us out if we do not fulfill our obligation. We will lose our investment, but the people who will lose are the current 1000 odd tenants and the future tenants who, if you progressed, would achieve the same goal of having safe housing.

We also have the pride of accomplishing a goal that people, minorities like myself, people of my ethnic background, can have a better life, even if they have to tolerate rules and regulations. We will not be tossed aside because we are low income. We cannot perform the task of government to provide housing for larger families, which may be unfeasible financially, compounding the density proportions of living space. Government must take the responsibility and try to satisfy specific needs. Developers must go hand in hand with government agencies. Thank you. (Applause)

EUGENE HERNANDEZ: I am Eugene Hernandez. I have worked for Applied Housing for over four years. The only goal we have in mind is building more and more apartments for poor people. I am going to say something to the Spanish speaking people, because they want to hear what I have to say.

(Whereupon Mr. Hernandez comments further in Spanish.)

ASSEMBLYMAN SHAPIRO: The Commission has some questions. If you would like, particularly Walter and Joseph Barry, please take the seats again.

ASSEMBLYMAN OLSZOWY: Mr. Barry, from your testimony, I think we are faced with two problems in the Hoboken area, and the first problem is the relocation problem; is that correct?

MR. WALTER BARRY: Yes.

ASSEMBLYMAN OLSZOWY: And the second problem is multi-bedrooms versus one or two bedroom units.

MR. WALTER BARRY: That is only a current problem. As I explained to you, we have built almost 40% which have three and four bedrooms, and we continue to build so. The only problem here is the building. We are not against a policy or a program. We are for it. In this particular building this was impossible.

Now, the reason relocation is a problem is because it becomes a hassle under the present circumstances, and in this instance we have an agreement with the State to share, so, between what we gave and what the State gave, we could give them a full uniform relocation payment. But, we ended up in a fight because there was no solution for the very large family or the socially problem family. That can't be solved by an individual entrepreneur. That is a state, federal and city problem. So, something has to be done beyond just passing a law which says, don't evict, or give them money. There has to be something that goes beyond that concept in solving these problems.

ASSEMBLYMAN OLSZOWY: Based upon the testimony of Mr. Joseph Barry, it would cost approximately \$1 million per year for grants.

MR. JOSEPH BARRY: Over that.

ASSEMBLYMAN OLSZOWY: It would not be feasible to maybe spend half that amount and build a temporary structure to transfer these people in the area, and then move them back?

MR. JOSEPH BARRY: No, temporary structures are not the answer.

ASSEMBLYMAN OLSZOWY: Just temporary for the rehabilitated homes, and move them back.

MR. JOSEPH BARRY: They tried it with mobile homes when it was passed. That was a solution that was offered when mobile homes were much cheaper than they are now, and it never worked out.

ASSEMBLYMAN SHAPIRO: Why hasn't it worked?

MR. WALTER BARRY: Because the families who were moved were usually families that were trouble and they broke them apart before the buildings were finished to which they were supposed to move back, and with that experience they didn't want them back. So, that was it. Remember when Julius Williams was in Newark? That was tried there.

ASSEMBLYMAN MAYS: You are not saying that about everybody who is relocated?

MR. WALTER BARRY: No, I am not saying that everybody who is relocated is a problem. No, no, we don't say that at all. Many families are problem families in apartments when they are relocated. So you don't have to build them temporary quarters. But there are some families that landlords won't take. They know who they are. They won't take them in their buildings. So, mobile units were set up.

ASSEMBLYMAN MAYS: Let's get back to the problem of relocation. Yesterday Walter Johnson, the regional manager, for HUD testified in front of us, and my question was to him, the people who have been dislocated are people who need three, four, and five bedrooms. And I asked him if there was a survey done before applications are taken for relocation. And he said, relocation goes in and an architect. Now, don't you think they should get together before they grant anyone the right to go ahead and build in order to improve the location. This was testified to yesterday in Jersey City, so I think that has solved some of the problems, if the architect and the relocation people get together before they grant the right to build something.

MR. WALTER BARRY: However, Assemblyman Mays, I explained to you, the reasons that the slums are slums in part are because of the density of population. Now, if you have five floors and ten people per floor, per apartment, in a five bedroom apartment, and use an elevator, you can guarantee that place is going to fall apart. Now, just putting them back to make a slum again is not a solution. Units are so expensive that we proposed building a low rise would be less expensive than to rehabilitate that structure, and it would give less density. It has to be stretched out so that the family has space, and the low rise will provide their kids with a backyard, or whatever is arrived at.

Now, what we are saying is, rehabilitation cannot be the means to take care of three and four and five bedroom units.

ASSEMBLYMAN MAYS: I saw your place this morning, and I must say that it only stays the way it is because of management, the workers, and the tenants. How come, if the people who are dislocated can have the same kind of workers, and are just as dedicated also--These people have problems. I still think that if you are interested in Hoboken, you are interested in those people building it, because you don't want your place going down.

MR. JOSEPH BARRY: Let me answer that one way. First of all, everybody who is relocated, even though the majority do not come back, the majority of the people don't come back because we exclude them, because they got \$4,500.

ASSEMBLYMAN MAYS: And that's wrong. They are not supposed to get a lump sum. That \$4,500 is buying people out. That's wrong.

MR. JOSEPH BARRY: That may be. That's why most of the people did not come back. Now that maybe more. We are not arguing that the people should get \$4,500. What we are saying is, we in rehabilitation in five story tenements can't make sufficient housing through that process alone to house all the large families. So, we have made a proposal. We said, "Let's do with rehab what we can." The costs for four or five bedrooms are such, we probably could produce new housing for the very large families, in a very good setting, which is green space for kids, low density, low rise. That's what we are saying has to be added to this housing program. But it won't be added to what rehab has already been done. And they say this has been a dirty act. That's what we are saying. The attack on rehab is not legitimate.

ASSEMBLYMAN MAYS: But I am still saying we are doing a good job in Hoboken, and I think you can help even more if they come to you and ask you for help. You are doing a great job. If the majority of Hoboken doesn't follow your lead, then you are going to go down also later on. (Applause)

MR. WALTER BARRY: Agreed.

ASSEMBLYMAN SHAPIRO: What if there was a requirement under the law that a condition of, say, allowing the group to get efficient statutes, that there be a replacement--- Or let me put it this way, as far as new construction, along the low rise, you were talking of four bedrooms. Hoboken at least guaranteed that can be done.

MR. JOSEPH BARRY: If you make all of the present productions of housing, conditioned upon ever and ever more conditions, the result would be no housing. The point is, for the four and five bedrooms, there has to be a fight for it. No one has said, we are willing to build four and five bedrooms of that nature. So, if you condition all of the rehabilitation on new or replacement housing, you will have nothing, all right, until you get new housing, and that is a terrible impediment to the process.

The point is, the more conditions you lay down, the less production you are going to have. I mean, have you not had an experience where layered, upon layered, upon layered conditions exist? So, we are arguing, the community must determine, for several years we have worked here. For seven years they have seen the relocation process. There has never been an attack on it to this point. Now, we are offering a solution to that. But the solution must be fought for also. And if you make a condition that there can be no rehabilitation and nothing else until all the five bedroom problems in the city are solved, what you are guaranteeing is nothing.

MR. WALTER BARRY: I would like to add to that. We have had the philosophy that we stay in our towns where we are building and we continue to build an upgraded town at all levels of income, and of housing. However, because of the way it worked out with the state law and the restrictions, we are looking only for vacant buildings, either factories or hospitals or schools. Now, what is going to happen to these terrible buildings where real slum landlords are really doing the job?

ASSEMBLYMAN SHAPIRO: This point was made at our other hearing. I still have a few more questions that I would like to ask of you. I would like to ask the

back of the room to please be quiet. We are having a great deal of difficulty hearing up here. If necessary, I should point out that the audience is here at our discretion. If necessary, we will remove the people who are making too much noise. We have to do that in order to conduct our hearing.

Getting back to the question of tenant selection, how many people are rejected in the tenant selection process. Can you give us an idea of the approximate percentage of the total applications, whether they are written or oral applications, which you get or reject in the tenant selection procedure.

MR. WALTER BARRY: Very few people are actually rejected.

ASSEMBLYMAN SHAPIRO: Could you give us an approximate percentage?

MR. WALTER BARRY: I would say 2% or 3%.

ASSEMBLYMAN SHAPIRO: Has there ever been a case where a tenant tried to appeal an objection?

MR. WALTER BARRY: Yes, we have had two in our history of the seven years. We had two or three cases of questioning, complaints against HUD, which have been resolved against the person making the complaint.

ASSEMBLYMAN SHAPIRO: They have been resolved against, but never in favor.

MR. WALTER BARRY: Never in favor.

ASSEMBLYMAN SHAPIRO: What were the reasons in those cases?

MR. WALTER BARRY: One was discrimination, ethnic background - that was the charge, but it was found that was not the reason. The reason was the person's over-income. The other two or three, I don't even remember them.

MR. JOSEPH BARRY: I remember them. One was a family with a renowned junky, a drug addict son, about eighteen or nineteen, a pusher, and the tenants went wild when they heard that this man was going to come in. He didn't even know it, but there was a rejection on that basis. Also a complaint was made on that.

ASSEMBLYMAN SHAPIRO: One question we dealt with in the previous hearing was the question of the unsubmitability of the fair market rents set up by HUD, set up under the Section 8 program. If we included in that computation full costs of relocation benefits, would that make it unfeasible for you to be able to qualify?

MR. WALTER BARRY: Well, in our instance we are more economical than almost any developer in the State, as you can find out from HUD. Our costs come in at less than anybody else. So we won't have to go up to the current market rate. But, it would make it impossible in some instances, yes. And, this may be contrary to what everybody else says, but we think the fair market rents are higher than they should be. There might be some room, if they would allow it, in the mortgages.

ASSEMBLYMAN SHAPIRO: I think you might be right.

MR. WALTER BARRY: But HUD doesn't allow it anymore.

ASSEMBLYMAN SHAPIRO: What happens with former tenants who desire to come back who do not qualify under the Section 8 guidelines, that is, former tenants who, after the rehab have an income level which is just slightly higher than the eligibility, so, he would not be able to afford the full fair market rent, and in effect he got cut out?

MR. WALTER BARRY: Very good point, not only in connection with tenants who have to come back after relocation, but even tenants who were living there, whose income goes up high to the point where it becomes exorbitant for them, even though it doesn't reach the fair market rent. In other words, it goes from \$200 a month, and the wife goes to work and it goes to \$325 or \$350. We have had discussions with HUD about both the relocation and the other matter I have mentioned, and as yet,

it has not been resolved, because the position of HUD is these apartments were made for very low and low income tenants, and if they are over the maximum eligibility levels in income, they can't come back.

ASSEMBLYMAN SHAPIRO: One final question, and this is a question which has been brought to my attention by other members of this Commission, as well as others who will be testifying afterwards, and this takes into consideration your side of the picture, financially speaking. I am asking a question here which tends to invade your privacy, and you are free not to answer it at all, but it would benefit the Commission, simply by answering a question which has been raised by us, if you could give us an idea approximately what your financial gain is from the project. I am asking the question, and I realize it invades your personal privacy. You are free not to answer. But, if you could, please give us a rough estimation so that that consideration will be addressed.

MR. JOSEPH BARRY: You want to know how we make our money. The way we make our money is not on the rents, because the rents are controlled, and we are in fact limited to 6% a year dividend on our cash invested, which you can get in a savings account.

ASSEMBLYMAN SHAPIRO: I don't mean to cut you off; I don't want to know how you make your money, but really how much.

MR. JOSEPH BARRY: Well, it is important to say how we make it also. We make our money by inviting people to participate and invest in the housing and they pay us a fee for our letting them come in and invest. That's how we make our money, and that varies very, very greatly. So, I can't give you a direct answer, all right. But I'll say this: If we had to pay the relocation of \$4,500, we would never do a project, because, even though it varies, what we earn is less than that. Did I answer you responsive enough?

ASSEMBLYMAN SHAPIRO: If that's as responsive as you can be, fine.

MR. JOSEPH BARRY: That is as responsive as I can be. If you want our financial statement, that is another story. They are not public record, but we feel if the Commission wants them to understand what the housing process involves in terms of income, we will give them to you.

ASSEMBLYMAN MAYS: After sitting here, I am thinking, if people really find out about the relocation benefit and that you give a lump sum of \$4,500, and you follow a payment schedule of \$1,000 per year, do you think this would have an effect upon people coming back to the area?

MR. JOSEPH BARRY: Well, number one, it is the State government which now administers relocation. They do pay only \$1000 per year. They don't pay the lump sum anymore.

ASSEMBLYMAN MAYS: How does the City get \$4,500 a year?

MR. JOSEPH BARRY: That was given by the Federal government, and originally was also paid as \$1000 a year, but around 1973-1974, it was too much of an administrative problem for the Federal government, and they started to disperse it in one lump sum, but that has stopped. There is no more lump sum payment.

ASSEMBLYMAN MAYS: Your testimony said it is \$1000 a year.

MR. JOSEPH BARRY: Yes, that is what I said, now it is \$1000 a year.

ASSEMBLYMAN MAYS: But that was only changed recently because the city can't carry it over.

MR. WALTER BARRY: This has been the practice.

MR. JOSEPH BARRY: The lump sum of \$4,000 all at one time was something

started by HUD that lasted for about two or three years, and that is no longer the case. Now the \$4,000 is given \$1000, \$1000, \$1000, \$1000.

ASSEMBLYMAN MAYS: They give them \$4000. Suppose they move to another area and that area gets relocation; they then get another \$4000. These people become gypsies, and it is costing the State of New Jersey along with the United States Government money. I think some people make a profit on that alone.

MR. JOSEPH BARRY: I think that might have happened. In Hoboken we never saw a big percentage of that. There may have been two or three people out of a thousand.

MR. WALTER BARRY: There were two or three people.

MR. JOSEPH BARRY: Look, there is not adequate housing. If you wanted to do rehabilitation, you have to do it, and the people are always placed in a standard decent apartment on a relocation process. I mean, even if they are going to come back, we have to go somewhere in between. They have always been placed in decent standing apartments. I agree, a relocation benefit is not the answer. We don't think it is the answer, either. But it is the only thing that they have right now, and we are trying to work our way out of this maze.

MR. WALTER BARRY: Here is the problem. Assemblyman Mays, you are taking old buildings that are inhabited by 100 families, and when you end up you have only 75 families. That has been our experience, because you have modern apartments. You have to meet minimum codes. Now, you immediately have displaced 25 families theoretically, in this example, all right. And that is even if you put one and two bedrooms in, because remember most of the old railroad flats were just one and two.

Now, in addition, if you put three's and four's in like we have, you may end up not only with 75 units, you may end up with 65 units out of the 100. So, 35 families are excluded to begin with. The in the remaining 65, you cannot put in all the three's and four's, so you have to space it out, and if you space it out, again some families don't come back. This is not our duty. We are not responsible for this physical problem. The point is that it has to be redesigned to take everybody back, but forget it, it is illogical and impossible. So, something has to be done to take care of the surplus.

How is that done? Number one, HUD says they cannot be moved out unless they have a standard apartment. And the city actually has to go and check the apartment out.

ASSEMBLYMAN MAYS: According to whose standards?

MR. WALTER BARRY: Well, according to HUD standards. It is true, they may not always meet them, but, anyhow, the people who are being dispossessed are in buildings which are slums; they are deteriorated. They are supposedly going into a better apartment. The proposal my son has made, which is not the solution for all time, just one step, is, in the instance of large families, to attempt to get sufficient financing to build low rise family housing which will accommodate some of those families. Now, some of those families are never going to come back, and I will tell you this on the record. There are some welfare families that have applied - not necessarily welfare, but in this instance we are talking about a welfare family - and in order to qualify, they have to indicate who is living there, and the income of that person. If that information gets to the Welfare Department, they will be declared fraudulent. Therefore, they don't want to come back, because they don't want to disclose what they are not truly telling welfare.

So, there are a combination of reasons. There is one other. In checking with the cities which handle the relocation program, we have found that over 60 families bought homes. They put \$2,000 down - from that \$4000 cash - for a house, and over 60 families of the 1000 or so that moved have resorted to that.

Others took advantage of it and moved to Miami, to Puerto Rico or elsewhere. So, we can't be the determining factor in what people are going to decide. They are going to decide for themselves.

ASSEMBLYMAN MAYS: I come from a family of ten, and I know what happens when you are from a big family. They always say that's a problem, because everybody is fighting with each other. But, that's love. But they say it is a problem. They are not problems. That is just how a big family is.

MR. JOSEPH BARRY: We have many large families. We have never said that the large family is a problem family. We have never made that connection. The Mayor himself came from a family of eleven, so he knows what you are talking about. We do not make that distinction.

There is one distinction made with regard to large families. We can't build large apartments. Problem families can be one person in the family.

ASSEMBLYMAN SHAPIRO: Thank you very much. Our next witness is Stephanie Raia, Columbia University School of Architecture and Planning.

S T E P H A N I E R A I A: Good morning. My name is Stephanie Rain and I have recently completed my Master's thesis on Rehabilitation and Relocation, using Hoboken, New Jersey, as a case study. Before I get started, I thought I should explain a few terms which I will be using because I am not sure everyone is familiar with them.

First, is 236 housing. By that I am referring to a subsidized housing program which provides a developer with a 1 percent federal loan to rehab low- and moderate-income housing.

The second is project rehab. When I say this, I am referring to the non-project rehabs by Applied Housing under the 236 program.

When I first came to Hoboken, I was interested in writing about the rehabilitation efforts in the city. But then, I began wondering about what was happening to the former residents of rehabilitated buildings. Were the former residents being accommodated once the housing was renovated? The question is: Was displacement of existing Hoboken residents making gentrification possible whereby the poor were being pushed out to make room for those of a higher economic level?

(Translation into Spanish)

ASSEMBLYMAN SHAPIRO: The testimony should be directed to the Commission. Each witness has a total of 15 minutes and we want time to ask questions. That is how we learn. If you use up your 15 minutes, we won't be able to ask any questions. We have too many witnesses.

Basically, I am asking you to keep your total testimony to ten minutes.

MS. RAIA: As I said, originally I was interested in writing about the rehabilitation efforts. But then I began wondering what was happening to the people who were being displaced. Well, my research has determined that those individuals affected or relocated by project rehab were primarily Hispanic, 76 percent, and often low income. Thirty-eight percent of those relocated had incomes of \$5,000 or less. Even this is somewhat misleading because many families with annual incomes between \$6 and \$7 thousand were large and still very poor despite what might appear to be a more substantial income.

As you probably realize, under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, displacees are entitled to priority status to return to rehabilitated units once they are complete. Despite this designation, less than 13 percent actually returned to Applied Housing units once renovations were completed. Although it is reasonable to assume that some tenants had no desire to return to the units, this is not likely to have accounted for the nearly 90 percent relocated elsewhere and the 35 percent who relocated outside of Hoboken.

Many factors contributed to this low rate of return. But due to time constraints, I can only attempt to highlight a few. One of the most significant factors which had the effect of limiting return of tenants to rehabilitated units was unit size. Sixty-two percent of Applied Housing units were one and two bedrooms, while over 50 percent of those displaced consisted of households with four or more members. As a result, many families were denied access to Applied Housing units on the basis of family size alone.

Another factor related to unit size which simply aggravated this limiting effect was that Applied Housing applied unusually stringent occupancy standards

to their units which clearly exceeded HUD and local housing requirements. According to these guidelines, a single mother with a boy of five, a girl of six and a teen-age daughter would be required to rent a four-bedroom apartment. These standards were extremely limiting to large and even medium-sized families because only 6 percent of all were four-bedroom units. In fact, these standards had an exclusionary effect and clearly limited the number of displaced families able to be accommodated in 236 units.

In order to be eligible for a 236 unit, project tenants had to certify that their income was sufficient to carry the rent at a level not exceeding 25 percent of their income. Even the least expensive one-bedroom unit demanded an income of at least \$7,000. The current minimum income level is approximately \$10,000. This requirement excluded nearly two-thirds of all relocated families because they had incomes below \$7,000. This is not even considering the cost of two-, three- or four-bedroom units. In addition, the rental assistance payment awarded for relocation, sometimes equalling as much as \$4,000, was not considered additional income to be counted towards getting into 236 units, in spite of the fact that this money was provided to increase the purchasing power of housing for relocatees. This practice denied displacees legitimate access to 236 units and defeated the purpose of rental assistance payments.

The federal government made rent subsidies available to help accommodate low-income tenants into rehab units. To begin with, Applied Housing did not accept the total number of subsidies made available by HUD, thus deliberately limiting the return of low-income residents. In addition, of all those actually allocated, only 11 families out of over 1,000, or just over 1 percent, of all displacees received these subsidies. The overwhelming majority - that is 89 percent - of rent supplements were given to tenants who were not even displaced.

Furthermore, a majority of those subsidies allocated to displacees went to white households, mainly the elderly, in spite of the fact that more than three-quarters of all displacees were Hispanic. There was obviously little effort to accommodate poor Hispanics through the use of rent subsidies, as less than 1 percent of the entire displaced Hispanic community received such a subsidy. Those Hispanics who returned to Applied Housing were clearly those of adequate means who could afford to purchase 236 housing without subsidies.

Research has indicated that as a result of project rehab poor families are being pushed out of affordable housing so it can be renovated for those of a higher economic status. These families are forced to find affordable housing in a severely impacted housing market where the vacancy rate has not exceeded 1 percent in the last five years and where discrimination further limits the housing choice of minority displacees.

Almost 60 percent of housing in Hoboken is owner occupied, seventy percent of which is three rooms or less and therefore not subject to the provisions of the New Jersey Civil Rights Act.

It should also be mentioned that buildings required for project rehab were not individually inspected to determine if they were substandard. It is likely that some of these units were more than habitable and providing adequate low-rent housing for the families living there. In fact, many of these units were large railroad flats and, therefore, well suited to the resident families. Furthermore, the preliminary proponents for project rehab indicated, and I quote, "that a

majority of the buildings had been spot-checked by a rehab consultant and contractor who had found them structurally sound."

This is a critical issue in a city where the vacancy rate is negligible and large units are scarce, and becoming more so due to rehabilitation efforts. If subsidized housing programs like 236, which involve a tremendous subsidy to the developer, are not intended to provide housing for the poor or those occupying so-called substandard housing, the constant depletion of low-rent units and destruction of viable neighborhoods must stop. If this process continues in the name of revitalization, poor large families will be increasingly limited in their housing choice.

It is my hope that we can work together to develop a more equitable relocation program that will provide good housing for all people, regardless of income. I would also like to ask the Commission to review the paper which I submitted and consider various recommendations made to improve this process. Thank you. (Applause.)

(Translation into Spanish.)

ASSEMBLYMAN SHAPIRO: Thank you very much. I have a few questions I would like to direct to Miss Raia. Your thesis, you said, covered this area.

MS. RAIA: Yes.

ASSEMBLYMAN SHAPIRO: Can you supply the members of the Commission with a copy of that?

MS. RAIA: I thought you had received that.

ASSEMBLYMAN SHAPIRO: Do we have a copy of that?

MS. RAIA: You should have it in the packet.

ASSEMBLYMAN SHAPIRO: Thank you. I do want to look at that.

Secondly, I would like to ask, in terms of the displaced tenants that you studied, did you find that the housing they eventually found when they were not brought back into one of the Applied Housing buildings was generally better or worse than what they were living in before?

MS. RAIA: That was not really part of my study. I did do kind of a special study of Midway, which was one project; and the problem was that it was very difficult to track down the tenants because most of them were in such bad conditions four years later. Whether it was that their money had run out or they had chosen to move, I do not know, but they were not at the same address that they had been. So I had no way of knowing. But I do know that they were supposedly standard, according to the Relocation Office.

ASSEMBLYMAN SHAPIRO: One of the witnesses from Applied Housing said that their rejection rate for tenants seeking entry to one of the Applied Housing buildings was about 2 percent. Does your study indicate that to be correct or do you find that another figure would be more accurate?

MS. RAIA: It is not so much rejection as automatic exclusion because, number one, there aren't enough large units; and, number two, they have those crazy occupancy standards which require that people who would ordinarily only need two bedrooms might have to use three or four. So that kind of practice excludes people to begin with. Then, of course, you have the fact that they have to make a certain amount of money to get in because they weren't really being provided with a subsidy. As I explained, most of the subsidies went to people who weren't displaced.

ASSEMBLYMAN SHAPIRO: That is when you are talking about the 236 projects.

MRS. RAIA: Yes, all of the 236.

ASSEMBLYMAN SHAPIRO: None of them under 8?

MS. RAIA: Some of them also had rent subsidies which came under Section 8, yes.

ASSEMBLYMAN SHAPIRO: Where they do have a Section 8 program, as I understand it, anyone, no matter what their income level, can come in under a Section 8 program. Is that not correct?

MS. RAIA: That is correct.

ASSEMBLYMAN SHAPIRO: There is no floor.

MS. RAIA: But there has to be units available. If you go and ask for a unit and they say, "There are no more; we will put you on the waiting list," then you are just as good as rejected. I mean, you can't really submit an application if there are no units. So they may not be rejected but they are also not accepted.

ASSEMBLYMAN MAYS: Did I hear you say in your testimony that only 11 percent of the people got money for relocation?

MS. RAIA: No. Everybody received relocation money. I am talking about the specific subsidies which HUD provided to Applied Housing to help accommodate low-income tenants back into the units. My point was that approximately 1 percent - 1.3 percent - received the subsidies. The rest of the subsidies went to people who weren't displaced, people who walked in off the street, or whatever, and asked for apartments. They weren't specifically utilized for those who were displaced. They were used in other ways.

ASSEMBLYMAN MAYS: What would you ask this Commission to do for Hoboken that would also benefit the rest of the State?

MS. RAIA: I would recommend, first of all, that a relocation plan be a real relocation plan which makes sense. As it is now, a developer or anyone doing housing can come in and submit a plan which has little relevance to the real world. They can say, "We are going to put 20 people into a housing unit." But we know that the waiting list is a thousand families. They can say that 20 people will self-relocate. But where are the 20 units? There is no comparability between the size of the unit, the cost of the unit and the family. They will just say, "We have 50 units. They need 50 units." That's it. But that doesn't make sense when people go out and try and look for an apartment because it has to be tailored to their needs.

ASSEMBLYMAN MAYS: In your study, did you find that any of the builders or the owners lived or worked in the Hoboken area?

MS. RAIA: Do you mean the people in Applied Housing?

ASSEMBLYMAN MAYS: No, the management or the owners of the buildings applying to HUD for application.

MS. RAIA: I am not sure what you are saying.

ASSEMBLYMAN MAYS: The owners of buildings who want to relocate the tenants and then build a high-rise or whatever, are they from Hoboken?

MS. RAIA: I have no idea. I don't have that information. I don't know who the owners were because by the time I got on the scene the buildings were already rehabed.

ASSEMBLYMAN MAYS: Well, I believe in home rule and ---

MS. RAIA: I think the tenants should be involved in a relocation plan. You have the people who are there, you can figure out what they need, and

you can work together to do something. But for someone in an office to sit someplace else and make up a plan without the tenants is a problem.

ASSEMBLYMAN SHAPIRO: Thank you very much.

I can tell by the expressions on some of the faces in the crowd that you are interested in responding to some of the things that have been said in the testimony. Because of our restraints in time, I would ask if you would like to make a response to please submit it in written form. That is how it has to be done.

MR. JOSEPH BARRY: I want a copy of that report. We have never seen that report. They have never served it on us and I think this Commission should ask them to give us a copy of that report so we can respond.

ASSEMBLYMAN SHAPIRO: As the Chairman of this Commission, I will be glad to supply you with that.

MR. BARRY: The crazy selection standards ---

ASSEMBLYMAN SHAPIRO: Really you are hurting your case in terms of the Commission.

MR. BARRY: I would ask that we be supplied a copy.

ASSEMBLYMAN SHAPIRO: That will be done by formal request, not through the microphone.

Next I would like to call on Mr. Frank Duroy. I notice on some of the correspondence that I have received that the next three witnesses are part of a group referred to as the Coalition for a Better Hoboken. May I ask that the other members of the group come up as well.

MR. DUROY: With the indulgence of the Chairman, I feel basically that the same courtesies that were given to the witnesses for Applied Housing, including the Mayor, should be rendered to those of us who are trying to present a concrete and logical argument as to the necessity for State legislation.

ASSEMBLYMAN SHAPIRO: If I can explain what I did with them, they had four people sign up to testify. I restricted their last two to less than five minutes. So they were also forced to compress their testimony due to our time constraints.

At this time, I would like to ask Ampora Oquendo, Jose Espinosa and Stephen St. Hilaire to join you. (Applause.)

I think we are still missing one witness.

MR. ST. HILAIRE: Mr. Gavona, I think, will be coming forward to speak on behalf of the Tenants Association. He was co-counsel in that case.

ASSEMBLYMAN SHAPIRO: We are now running quite behind schedule. If you could please help us out, I would appreciate it. Again I would like to remind all witnesses not to speak to the crowd, but rather to the Commission. It is much more fruitful. Please try to keep your remarks as short as possible. We would like to have time to ask questions. I find we learn far more from the question period. I will restrict our questions according to how much time you use.

F R A N K D U R O Y: Mr. Chairman and gentlemen, I appreciate the fact that I was invited to speak before this hearing. My name is Frank Duroy. I have been a resident of Hoboken for 25 years. I am a college professor in Essex Community College in Newark and I have been a Puerto Rican all my life. (Translates into Spanish.)

Mr. Chairman, Hoboken has been the beneficiary of the 1970 Uniform Relocation Assistance and Real Policies Act, enacted by Congress. One of these programs

that has benefitted Hoboken in a sense has been tenement rehabilitation and owner-occupied rehabilitation.

If you count the number of houses in Hoboken, over 60 percent of them are owner-occupied. That is very important. That, I think, in a sense is the strength of this town, in that people who live in 60 percent of the houses own the homes. (Translates into Spanish.)

The rest of the housing basically is five-story walk-ups.

Through the housing improvement program, over 400 brownstones in Hoboken have been given low-interest loans. (Translates into Spanish.)

Those houses have received low-interest loans and have been rehabed. They have been very important in changing the image of Hoboken. Remember 60 percent of the houses are owner-occupied. The remaining government moneys have been given to the rehabilitation of tenement houses. (Translates into Spanish.)

What is the problem? The biggest developer in town of these kinds of tenement houses has been Applied Housing Associates. To look at the interior of these houses before and after, is a credit to the developer. (Translates into Spanish.)

But the problem is the human factor. More than 900 families lived in the nine projects that Applied Housing rehabilitated. (Translates into Spanish.) The majority of the 900 families were Hispanic families. More than 71 percent of those families were Hispanic. (Translates.) The question I ask is: What happened to the majority of those families? May I add, I know those families because I have been involved in this city since 1971 dealing with the Hispanic community. (Translates.) (Applause.)

The majority of these families were decent people.

ASSEMBLYMAN SHAPIRO: Up here, we are politicians and we have to run for office. We understand how you speak to an audience. One of the ways you can get applause is by putting applause lines in speeches. It is a very common technique. I do it myself. But I say this in the interest of time.

MR. DUROY: I understand.

This is the point: right now, Applied Housing - and I am using Mr. Barry's statistics --- Before I get to that point, I want you to remember 13 percent returned - or 12.4 percent returned - according to Stephanie Raia's Master's thesis. (Translates.) The majority of these families were Hispanic families, large families. The reason they didn't come back was because they are guilty of the crime of having many children. (Translates.)

This is a cultural thing. We, as Hispanics, are proud of our children. They are our jewels. (Translates) Poor people in general, not just Hispanics, don't have wealth. Their wealth is in their children. Basically, that is what they were guilty of.

What is the point? Just think of the 900 families, mostly Hispanic, large families. AHA - and I am not blaming AHA, but they happened to be the developer; it could have been somebody else - comes in and says, "You have to move. We are going to fix up the place." Fine. I am not talking about the people living in Applied Housing now. I am talking about the people who were living there before it was rehabilitated. That is a very important point. (Translates.)

These people went to look for apartments in the owner-occupied buildings, the brownstones. Let's be realistic. Would you think that the majority of the people

who have brownstones would rent to Hispanics who have four or five children in the family? (Translates)

This is the point. These homeowners, not all of them, who received federal funds to rehab their houses in turn discriminated against the Hispanics because they wouldn't rent to them. But they did take the money to rehab the place, didn't they? (Translates)

This is a key point, a very key point. It has to do with the civil rights of people. It has to do with the State. I believe, gentlemen, that if the State of New Jersey had a stronger civil rights act and actually monitored it, those homeowners who received funds through low-interest loans should be obligated to come under the New Jersey Civil Rights Law, because they are exempt right now. I should know because I moved out of Hoboken for one year so my wife could finish her education. When I came back, I called up about an apartment on Bloomfield Street. I gave my name. The guy said, "Sorry, it is taken." My wife is not Hispanic. Her maiden name was Callahan. She called up and the guy said, "Come right over." (Translates)

This is common. Those homeowners who take the loans - not the ones who don't take the loans, but the ones who take the loans - should come under that thing. The squeeze is on. Applied Housing has rigid standards, but I think the guilty party is HFA, the Housing Finance Agency of the State of New Jersey. Grogan Marine View Plaza is an HFA development. They helped finance it. Grogan Marine View Plaza couldn't meet the mortgage payments - and Grogan Marine View Plaza, may I add, is for high income. HFA put out a bond - three and one-half million dollars to the developer - to help people, good people, I might add - my brother lives there - who are paying over \$275. Perhaps they can afford it. But the poor people can't afford it. So they can give them three and one-half million dollars so that that doesn't become Section 8 housing, right? But they can't help large families to get good apartments. Those are the facts.

In conclusion, the only thing I have to say is that the \$4,000 or \$4,500 that these families are receiving can never pay for the suffering that those people had to go through - and I mean suffering. It isn't easy if you live in a neighborhood and you know the local delicatessen owners and everyone else and someone says, "you have to move out." The reason not much publicity was given to this in the papers and other places in this town is because the majority of the victims happen to be Hispanic.

I say to those of you who are living in Applied Housing, good, I am glad you are there. I wish there were more Hispanics in Applied Housing, I really do. There should be 71 percent Hispanic, not 53 percent Hispanic. Thank you very much. (Applause)

ASSEMBLYMAN SHAPIRO: Thank you very much. What we are hearing here this morning is very, very valuable information. What we are hearing from all sides has been very valuable. One thing I would like to point out: We have gone over a lot of territory. Please assume we understand a little bit of the problem and, if you can, give your testimony in outline form. We would like to ask questions. If you don't condense your testimony, we are not going to be able to do it.

J O S E E S P I N O S A: My name is Jose Espinosa. I am Co-President of the Association of Tenants of Washington and Bloomfield Streets here in Hoboken. Our people in that area have made a very important and a very big decision, a decision that many people thought the residents of my neighborhood wouldn't

make. (Translates into Spanish.)

The decision to which I refer was not to accept the relocation money that was offered to move. I am going to describe what is the real offer? What are we to gain if we accept the relocation benefit? (Translates)

We were approached by housing and they offered us in the beginning that they might work out a package to deal with the relocation assistance. We asked for time to study the proposal. Afterwards, we were involved in a fire that took away two of our neighbors. And that is part of all that is going on in Hoboken.

A lot of people say that the tenants of Washington and Bloomfield are against rehabilitation and are against good housing. We, the tenants of Washington-Bloomfield, are for rehabilitation. We want those buildings to be rehabilitated. But who gets the big load? Who has to suffer with all the bad things that come with it? We, the residents.

We started talking to the tenants. We had a lot of meetings with the tenants and discussed what it is all about. Mr. Barry said that he has the whole package of relocation for the tenants. But that is not the question. We don't have the cash to pay. \$4,400 is not our price. They were expecting the people to accept that money and just run away. Then they have that plum themselves because I tell you that area of Washington and Bloomfield is very important to this city. Transportation is on that corner. The super-market is on that corner. It is a commercial area. There is money to be made there. They want to make that money on the hardship of the people who live on Washington and Bloomfield.

When we look in detail as to what it is all about, we see not even ten of the tenants could come back to the site - not even ten. The reason is because they won't qualify under Applied Housing tenant selection. The policy of HFA of not financing three- and four-bedroom apartments has to be dealt with. The Latin community in that area have big families and consist of low-income families.

We started going into this and the people asked, "Where are we going to go?" They can't go back to the project when it is finished. Where are they going to end up? They are going to end up in run-down buildings in Hoboken in another slum. That's where they are going to be. There are 119 families. People will be displaced by the tenant selection of Applied Housing because of the lack of insufficient large-bedroom apartments.

What have we got to gain by accepting this if we are going to end up in another run-down apartment? Applied Housing had a building in our neighborhood. We told them we have priority to go into that building. But, no, we can't touch that - they have tenants there already. It was empty when we started talking to them. They were just finishing it up. There were some people who then started moving in. They said, "No, we can't go in there." That is the kind of people we are dealing with. We asked if we will have priority to come back when it is finished. But only ten families - and maybe not even those ten - will be able to come back. They say they will find us apartments where we can go. But the vacancy rate in Hoboken is only 1 or 2 percent and those apartments are rat holes. The only things that live there are rats. We were pushed in that area.

They say to us, "You are against progress; you are against good housing." No, we are not against all that. But we are not going to be used to make money for other people. We believe that we have a lot to lose. We have to change schools

for our kids. And a year from now, we are going to have to move from that other place because it is going to be condemned. That brings us more problems. We lose our neighbors and our families. The point is that these businessmen want to get rid of us. Right now, we, the tenants, are suffering terrible living conditions - terrible. But we made a decision. We are going to stand behind our decision. We are going to fight for it. We want rehabilitation, but we want it to meet the needs of the people. The tenants should be the ones to select the developer. The tenants should be able to sit down and talk with the engineers and the architects so they can help plan the housing.

Plus, I believe and the tenants believe, if there is going to be rehabilitation, it should be on a one-to-one basis. Have one decent apartment and then move this person to that apartment so he can move back. But they don't want to do it that way. Out of 119 families, only ten will come back if the site is rehabilitated. What about the rest of the families? What are they, animals? What are they, cows, that they can be moved around from one place to another? Or are they human beings? What are the reasons we can't pass the tenant selection? They are human beings like us. I live with them. I talk to them every day. They are my neighbors. Why is it only ten persons can come back?

I believe the HFA is discriminating against the poor, the Latin community and all the persons that have big families in Hoboken. We are going to stand up behind our decision. We are going to fight wherever we have to go to discuss this problem. We will do it.

There has been a lot of pressure put on those who are supporting the Washington-Bloomfield Tenants in Hoboken. Their job is on the line. There have been people offered jobs and a good apartment in order to shut them up and let the rehabilitation go through. I was offered a job. I was offered a good apartment. That is the way these people are dealing with this.

There was a fire at 70 Washington Street. Two persons lost their lives. Is that the price we have to pay? Is that progress to hurt people in order that some other people can make money? That has to be stopped.

We believe the tenants relocated should have priority. That should be enforced. They should have priority in going back to the site, not just in words. But, in reality, nobody will return to those sites. Thank you. (Applause)

ASSEMBLYMAN SHAPIRO: Thank you.

Mr. St. Hilaire will be next. See if you can keep this short. I have read all the documents you provided. But I do have some questions I would like to ask.

S T E P H E N S T. H I L A I R E: We would like to thank you for inviting us here today. I am an attorney with Hudson County Legal Services. I represent the Washington and Bloomfield Street Tenants Association.

ASSEMBLYMAN SHAPIRO: Can we have some silence back there please. Will people who want to leave the room go in an orderly and quiet fashion. Thank you.

MR. ST. HILAIRE: I am an attorney with Hudson County Legal Services. I have been there for seven years. I am a Senior Housing Attorney there. I am also the Chairman of the Legal Services of New Jersey Housing Task Force Subcommittee on Federal Housing and Community Development Programs. In that activity, I am responsible for training Legal Service attorneys throughout the State in these programs and organizing that effort. I am also the Chief Legislative Coordinator

for all federal legislation with various groups around the State of New Jersey on housing programs to make it more meaningful to them so they can participate in them.

However, I am here in the capacity of representing the Tenants at Washington and Bloomfield Streets at the invitation of you and my clients, to discuss what is going on in Hoboken, what is going on nationally, on the question of neighborhood revitalization.

You heard Mr. Robert Ricci yesterday speak about two concepts: the notion of gentrification and the notion of triage. The notion of gentrification is the return of higher-income people to cities so that they can pay the taxes for social services and a number of other things in order to keep cities from going bankrupt. The notion of triage is a concept that Mr. Ricci explained in great detail yesterday relating to who doesn't get the resources, the housing and community development resources.

In Hoboken, there are a number of programs that contribute both to gentrification, without the opportunity of low-income people to remain in their existing neighborhoods, and there is a triage policy that occurs because of the problem of resources.

On the issue of the programs that compound that problem, first, there is a Section 8 Demonstration Rehabilitation Program, a program that comes out of HUD. The City of Hoboken received 200 units under that model program and it requires the cooperation of the New Jersey Housing Finance Agency in order for those units to be targeted land in this city. The difficulty is that the city also has a legal obligation under the Community Development Block Grant system. It must submit a housing assistance plan that meets with the approval of the Department of Housing and Urban Development. That housing assistance plan has indicated that the Section 8 demonstration rehabilitation program for Hoboken will be utilized to meet the housing assistance needs of large family households. When we talk about large family households, we are talking about families of five persons and above. We are talking about 3-, 4-, 5- and 6-bedroom apartments, with the mean being in the area of 3 and 4.

Now the city has said, "We are going to meet those needs." However, the city is caught in a box, but they have to pay the price for it. The box that they are caught in is that the New Jersey Housing Finance Agency, which is referred to in the July 28, 1978 letter of HUD, has a policy. It is called by the Jersey Journal an "inflexible policy," a beautiful phrase, because what it says is that rehabilitation and new construction of subsidized housing in this State shall not take place if it involves more than 1- and 2-bedroom apartments without senior citizens in it. What they are saying is this: HUD is giving a program to Hoboken and saying, "Use that money, use those 200 units." HUD is also saying, "Come up with a housing assistance plan that you are legally obligated to do." And the HFA says, "City, we can't let you complete your promises to HUD under the housing assistance plan because we are not financing anything more than 1- and 2-bedroom apartments."

We had a confrontation with the Housing Finance Agency on this. There is a feud going on. It is something like the Billy Martin-Reggie Jackson feud. You heard Walter Johnson yesterday. When you pressed him, Mr. Shapiro, what happened? He went after the HFA, didn't he? It was a nice conversation for awhile. But when

you really pressed him, he pushed it over on the HFA. Well, that's the Billy Martin, the HFA. The Reggie Jackson is HUD. Yankee Stadium is filled with spectators, but they are no longer watching the game. They are going out onto the diamond. The people who you see here today who want housing want that feud to stop. They want to go and watch the Yankees win. They want to have habitable housing in this city. The feuding has to stop.

Now, we do not know who has the answer here. All we know is that we are in a cross-fire and there are real victims here. We are not talking about numbers on these housing assistance plans; we are talking about living people. If the problem is the fair-market rentals of HUD, if they aren't high enough to support rehabilitation in inner-cities, for God's sake it has to be raised. If the problem is the HFA because they have some notion that their triple-A bond rating must go on in perpetuity, without meeting their statutory obligation - a statute which you wrote, which says they are supposed to be building housing for lower- and middle-income people - then you have to re-establish that priority. It has to be done. You have to create the pressure. Hopefully, you will do that by the public ventilation of this problem.

Now Walter Johnson appeared before you yesterday. He made an incredible statement. He said that one of the biggest problems that he finds is that the developers are coming to him - and guess who that is - but that Section G of the Anti-Eviction Statute, a beautiful piece of legislation that you produced, is giving him problems. And Mr. Diebold testified to this yesterday. I won't duplicate that testimony. But he basically said that that statute does not permit an eviction to take place if the housing code violations are not substantial enough, according to the Department of Community Affairs' evaluation when they come in, to merit that displacement. Now Mr. Barry says this is stopping development of housing. We have had the Floral Park case in the Appellate Division of the Supreme Court and it is still going on. Now we are testing out the post-Floral Park question in Hoboken. It is not litigation; it is a question of how does Barry respond.

What happens is this: As Miss Raia stated, why rehabilitate housing that DCA says can be rehabilitated? Why choose those sites? So you did a brilliant thing in creating that statute. Mr. Barry may well find it economically more feasible to rehabilitate buildings that don't need real rehabilitation. But the question is, in the overall housing strategy in any given city, what is the highest priority with the lowest amount of resources? Bob Ricci over there talked about triage. For heaven's sake, one way to mitigate triage is to use the resources you have, take the Section 8 demonstration-rehab program, and rehabilitate those that need it. Then have DCA utilize their good judgment in deciding what buildings do and do not need rehabilitation done. So why evict people if the buildings are in fine shape or can be brought around? They are not always in fine shape. We concede that.

Walter Johnson also said statewide rent control would be a very useful thing, or he implied that. He said he has a bureaucratic maze over there. In his rubber-stamping of requests for rent increases, he finds that he has to look at, at least, if not comply with, local rent control ordinances. We are not

in the business of making Walter Johnson's job easier. If you look at every rent control act in most of your cities, they are tough. Why are they tough? People showed up at hearings like this and fought tooth and nail for that kind of stuff. What happens, however, when the question of statewide rent control goes down to the New Jersey Legislature and the urban Assemblymen and Senators have to face the rural Assemblymen and Senators? What gets diluted? That's right - that act. We see that water seeks its own level. Where rent control is needed, people will fight for it and put it in. Where it is not needed, hopefully Walter Johnson can control the subsidized units out in those areas by making sure that his approving of rent increases for those units is in accordance with HUD standards. We find a great rubber-stamping operation going there.

Let me say one quick word about the Section 312 rehabilitation program and the tenement rehabilitation programs. These are predominately for the kind of units that Mr. Duroy referred to, 60 percent of Hoboken being in that category of 3-bedroom units and below. Now that is a federal program. What you have is the city's housing assistance plan to HUD that it seeks for its \$1.7 million in redevelopment money. That plan says we are going to give these loans to rehab places and then rent control will attach. Take a good look at Hoboken's rent control ordinance, and most rent control ordinances throughout the State, even the strongest ones, and you will find they permit the pass-through of capitalization. That kind of rehabilitation creates a waiver so that when the tenant returns, assuming he can come back, what kind of rent is that tenant paying, notwithstanding the existence of a rent control ordinance? A higher rent. Even if it is a unit of comparable size for a large family, is that person going to be able to afford it? No.

There are ways to do that. Now we are into disinvestment. Cities have got to be required - and I think you can do something about this through the Banking Commissioner - when they submit plans under the Section 312 program -- and they have to get commitments from local banks, just like the city had to get a commitment from the First National Savings Bank for its UDAG application. And the commitment shall say that it will permit the amortization of existing debts that those landlords have over a longer period of time, thereby reducing the total per month payment that a landlord has to reduce rents after rehabilitation takes place. It is that kind of planning that can stop displacement. But we don't have that kind of thing now and existing rent control ordinances don't permit it.

The other issue that I quickly want to reach is the question of relocation. Relocation is an interim solution. It is not an end in itself. Production of housing is the answer here so that we do not have this shifting of people around creating a coterie of gypsies who have to run around from place to place, as Assemblyman Mays mentioned. We have documented that. It didn't go in the submittal we sent to HUD, but that documentation is there. We submit that this city refuses to cooperate with the Department of Community Affairs in getting grant and aid money in order to actually give relocation benefits to code enforcement victims. We had to fight tooth and nail. We sued the city. Mr. Diebold talked about that suit yesterday. We had one of the officials in the city in contempt of court. The judge even suggested we put a lien on City Hall. But we didn't because we don't know how much it will go for. But, right now, we have

incredible displacement going on that must be dealt with and dealt with quickly. We have suggested a number of ways to do that.

What about the single-family homeowner? I gave a lecture at the Institute for Continuing Legal Education to the attorneys in this State on the question of foreclosure defense a number of months ago. I wrote a book with Mr. Leonard Zelker. What we found is this: the flip side of the disinvestment question is the foreclosure question. Once people get their property, if they are low-income especially, how long do they keep it? I have been involved in Legal Services for seven years. People who were tenants have come to me being awfully proud about owning a house for the first time, and then they lose it in a year. They lose it because a bunch of nonsense is going on and part of it has to do with the failure of mortgage services to properly monitor the activities of banks, as well as the failure of HUD to monitor banks.

I think the Banking Commissioner -- and legislation may well be in order to do what HUD did in the creating of the assignment program where if a mortgagor, a homeowner, is in trouble because of circumstances beyond his control in terms of how he got there, by sickness, by loss of job, etc., there is kind of a buffer period where he can get back on his feet. And, believe me, people do get back on their feet. I have done it. We have done it many times and it is successful. And HUD has come around as well because we are ramming things down their throat. The banks are coming back and they are learning some lessons. But we need more tough policies in that regard. I suggest that the Banking Commissioner could do that. Legislation may well be in order. I will submit a more formal proposal to the Commission at a later date. That is all I have to say.

ASSEMBLYMAN SHAPIRO: We have gone over our time so we don't have any time for questions.

I will allow just one brief one from Assemblyman Mays. I have many I would like to ask, but we just don't have time.

ASSEMBLYMAN MAYS: Mr. Duroy, you said that 71 percent of the people were dislocated and that you know where most of them are.

MR. DUROY: No. We said 71 percent, according to the research conducted by Stephanie, were Hispanic. Overall, of 100 percent, 12.4 percent returned to Applied Housing. It was very difficult to find the others. Now \$4,000 is a lot of money for a person who never handles money. So in two or three months they can spend it all and then they go back to another slum.

My experience just in this small town is that whenever I send letters out, I get half of them back. I know the people live here. I don't blame the post office. Maybe the people don't have mail boxes. It is very difficult to follow these people up. All I know is the statistics we have and that is that only 12.4 percent came back. Thirty-three percent of them moved out of town. You couldn't go into the federal housing projects in Hoboken because right now - and I have the facts here - there are 1800 people on the waiting list, 1800 families, to get into the projects. I lived in the projects for ten years and I know how it is to live in a project. Large families could go in a project. They couldn't go to the brownstones. So if they couldn't go to Applied Housing, most of them went to Jersey City from what I gather because there is cheaper housing.

ASSEMBLYMAN MAYS: One other question: I think you are saying this is a form of discrimination against large families, those with five or more people.

History tells us that Blacks and Hispanics are known to have five or more people in their families. You are saying to me, by reason of that, this is a form of discrimination.

MR. DUROY: It is discrimination against large families. You can ask Mr. Barry, himself. They, of course, claim HFA will not finance projects where the majority of the houses are for three-or four-bedroom apartments, which are needed. I don't know the figures, but I am sure less than 30 percent of the present units rehabed are three and four bedrooms.

ASSEMBLYMAN MAYS: Then HFA is discriminating.

MR. DUROY: They are discriminating against large families. Their only crime is that they have a lot of children. I am not only talking about Hispanics and Blacks. There are a lot of poor people in this town who have a lot of kids. That is a reality. You are dealing with working-class people.

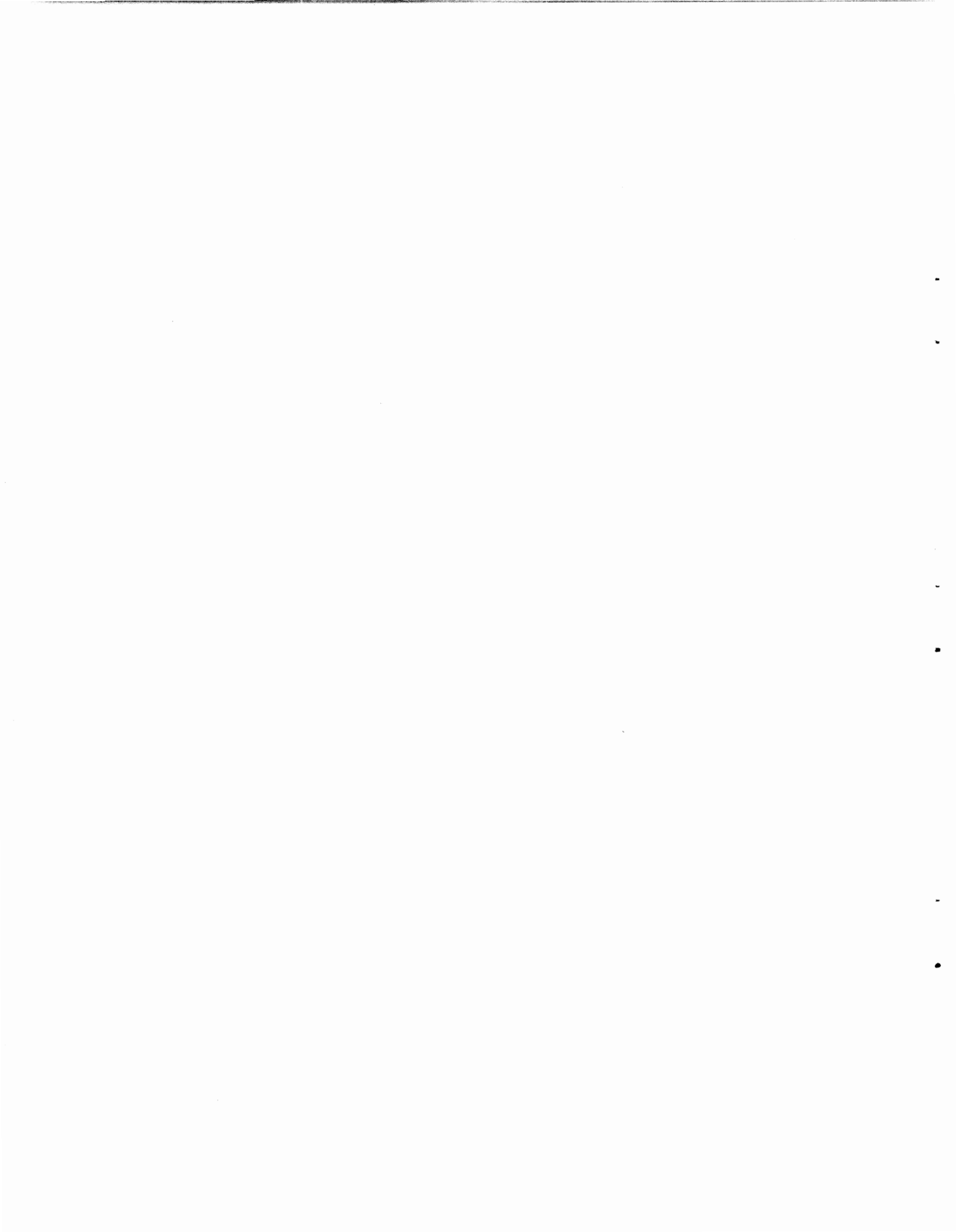
ASSEMBLYMAN SHAPIRO: I am sorry we are going to have to cut this short. I have many questions I could ask.

I would like to make a couple of announcements. First of all, we are going to take a half-hour lunch break. I would like to have the members of the Commission back here at about 2:15.

Also, I would like to say, due to time constraints we have had this morning, we were unable to hear testimony from a number of tenants, particularly a group here from Applied Housing which had asked to testify. Under present time constraints, we are not going to be able to do that. We apologize and we would like to suggest to anyone who would like to submit written testimony that the written testimony will be read. It will be considered as carefully and as thoroughly as any testimony that is given orally. In fact, it probably will be considered more carefully because we can read it and think it over for awhile. We did have the opportunity to speak to a number of tenants this morning informally.

I would like to invite you all to come back this afternoon when we will continue this hearing. We will try to be back at 2:20. I want to see us start on time. Thank you.

(Recess for Lunch)



AFTERNOON SESSION:

ASSEMBLYMAN SHAPIRO: I would like to call the hearing to order. We have less of a crowd this afternoon, which I think is an asset. I would like to start out by asking the Council President to come up to testify.

M A R T I N B R A N T: My name is Martin Brant; I am Council President of the Hoboken City Council. Thank you, Mr. Chairman, members of the Assembly Commission, on behalf of City Council of the City of Hoboken, I would like to take this opportunity to address the issues affecting urban housing in the State of New Jersey. As President of the City Council, I would like to reflect upon past problems of housing in Hoboken, and the experience of policy-making and designing programs to resolve those housing problems and how they relate to city government.

Over the past decade, Hoboken was a town declining rapidly. Hoboken has always been a working class town endangered by the loss of a stable working class, exodus of industry, and employment producing activities. With a decrease in tax rateables combined with antiquated infrastructures, there appears to be a dim, if any, future.

Hoboken as a municipality participating in various federal and state programs offered during these times was confronted with an even greater problem. That problem consisted of an old industrial city densely populated with very little vacant available space, as well as an identity problem attached to old inner cities. The City Council and the governing body of the City of Hoboken was confronted with a serious decision to be made concerning what road to choose to rise above the decay. The city government made a decision to try the typical approach of the era, urban renewal.

Urban renewal throughout the country more often than not represents displacement of low and moderate income households for commercial development or higher income residential development. In general, the Hoboken response was not enthusiastic. It suffered the same time lag as the national experience and alienated Hoboken residents. In 1971, the City Council and the governing body began to embark upon a rather unprecedented approach to save the city. At that time a conscious decision was made to accept the fact that Hoboken was working class, that it had a substantial amount of low and moderate income people, and that in reality it was those people who made up the neighborhoods, the city, and the backbone of the community.

Rehabilitation became the approach. Having viewed previous problems in new construction, having an overabundance of declining, deteriorated, antiquated tenement buildings, the city moved forward into an era of project rehab. Controversial issues were discussed and hard to make decisions were rendered. However, the governing body realized that saving these tenements and restoring Hoboken's housing stock was an important step in turning the city around. Relocation became inevitable. However, the city's position was to, one, seek relocation funds through assisting displaced tenants and provide some sort of financial aid; two, the city tried to provide through its model cities agency the social services to deal with the major problems of the households being displaced, realizing that perhaps housing wasn't their most critical issue.

Most importantly, the attitude towards those displaced was to be sympathetic and helpful and try and minimize whatever detrimental effects displacement could cause. Liberal application of the financial benefits along with speed in getting these benefits to the tenants were concerns of the City Council. However, I must

point out that the most important factor in this relocation and rehabilitation effort is that we were not displacing or desolving neighborhoods - that, in fact, we are doing relocation and rehabilitation to provide decent housing. We did not displace low and moderate income tenants to provide housing for higher income people. We displaced low and moderate households to provide newly rehabilitated housing for low and moderate income people.

With respect to the issues of today, municipal governments are confronted with state legislation which no longer permits progress. The City Council has stood up and rendered decisions to allow the continuation of the development of housing for low and moderate income households. We have approved tax abatement agreements so that rents can be maintained at levels which are affordable by low and moderate income people. We have approved programs and grants from various federal, state, and local programs to assist owners and tenants in upgrading apartments and buildings and minimizing the effects of rent increases to further assist existing tenants. We have approved resolutions which have declared the city blighted or endangered by blight in times when the general public might object in order to insure that the city of Hoboken could take advantage of programs being offered by federal and state sources. We have done all in our power to maximize the amount of federal and state aid coming into the city. We now find ourselves faced with the danger of no longer being able to facilitate housing rehabilitation. Eviction and relocation is a necessary item if it is combined with a rehabilitation program and most importantly if it is combined with a rehabilitation program which is providing low and moderate income housing.

Municipalities, especially Hoboken, which are faced with a tremendous tax rate and extremely high municipal budget, cannot afford to front the costs of the relocation requirements that are presently set forth. A realistic compromise or sharing arrangement is a necessary item to define when relocation is necessary. Hoboken is proud of its relocation record attached to the project rehab program. I don't think we can forsake the most critical issues, that the housing that was rehabilitated and the relocation that took place, and I reiterate, were for low and moderate income households. The statistics of the relocation program and the occupancy statistics of the housing that resulted from the rehabilitation further proved beyond a shadow of a doubt that the housing was for low and moderate income households and addressed the needs of residents in the city of Hoboken.

Hoboken has made special efforts to ethnically and economically integrate housing programs and neighborhoods. It is this ethnic and economic integration that demonstrates, perhaps, the true success of the Hoboken experience.

In conclusion, on behalf of the City Council of Hoboken, we believe that permitting of evictions and relocations to facilitate the rehabilitation of housing for low and moderate income households is a necessity. We urge that the necessary legislative steps be taken to allow relocation to be undertaken provided there is a realistic package of assistance to the individuals displaced. That package should represent a sharing of the cost by the state, the federal government, and the developer.

Ladies and gentlemen, I would like to go on. It is my own personal feeling that I think the fair share for relocation should range from \$500 for housing unit up to a half-way decent down payment on a single or two-family housing unit. I think I heard here earlier one of the developers say that it would cost possibly \$60,000 to \$65,000 to rehabilitate a three-family bedroom unit. I

think that was the price mentioned. I think you can look into the possibility of creating two-family houses which could handle a larger family unit and would conform with the legislative needs of HUD restrictions. I think that could be one of the solutions. Instead of trying to integrate them into high density, I think this could be done. Our housing here in Hoboken, the public housing, is dismal. Over the years - I think it was originated in 1949 - it has not been successful because of the numbers of people in a small dense area, and it tends to create problems. This public housing - and this is not only in Hoboken, because I have seen it in Jersey City and in Newark - creates a big problem. I think maybe a single family housing unit, or a two-family housing unit could be used to a great deal with regard to that problem.

I have to say a word about Applied Housing. In this type of housing, we may run into the problem of absentee-landlords. I have to give credit to the Applied Housing management group. They stayed in Hoboken. They are in Hoboken every day running their apartment structures, and they have a good rapport with the residents. I guess you saw that today. That means there will be good housing, and this is to their credit. I have seen them do a job in my ward, the ward I represent, and they mentioned them here, the Tootsie Roll flats. That is on Willow Avenue. Directly behind them is a row of one and two-family houses, owner-occupied, and the tenants who are living in the Tootsie Roll flats were not the best tenants that you would want in a housing area, and the people in the back, couldn't sit in their backyard. There was stuff thrown out from fire escapes and it made it really impossible to sell their houses, these people on Park Avenue, until this new developer came in, rehabilitated the houses. These people are so happy with the new area they are staying in town; they are not even trying to sell their homes. I think that is to the credit of the whole city. I think it has been a big thing. I thank you ever so much. (Applause)

ASSEMBLYMAN SHAPIRO: I am yeilding the Chair at this time to Assemblyman Mays who will be presiding over the rest of the hearing.

ASSEMBLYMAN MAYS: The next speaker will be Fredrick Bado, Hoboken Community Development Agency.

F R E D R I C K B A D O: My name is Fredrick Bado. I am presently the Director of the Hoboken Community Development Agency, and I have held that position for a little over three years. Previous to that time, I had worked in the Hoboken Model Cities Agency, first as the staff attorney, and later in various planning and administrative capacities. I wish to express my appreciation to the Committee for being invited to talk today about housing and rehabilitation programs which have taken place here in the City of Hoboken.

A few years ago, we said that Hoboken was an urban laboratory in which various types of programs could be tested out, and we felt that if they did in fact work in Hoboken that they could work in other urban areas here in the State of New Jersey and throughout the country. Now, for the record, and in order understand how the program for revitalization took place in the city of Hoboken, it is necessary that you know something about the city. Hoboken is an old city. It was originally founded in the seventeen hundreds. It was incorporated as a city back in 1855. It is located on the Hudson River directly across from New York City, and the Hudson River is its eastern boundary. It is bounded on the north by Weehawken and the Lincoln Tunnel, and on the South by Jersey City and the Holland Tunnel, and on the west by the Palisade Cliffs and the cities of Jersey City and

Union City. It is approximately only one square mile in size, and it has a population of about 47,000. This population is composed of 50% white, 43% Spanish speaking, which is predominantly Puerto Rican, and approximately 5% black, and 2% East Indian within the city. It is a blue collar community with a very high unemployment rate with a medium income of below \$7,000. Its neighborhoods are similar to other inner city neighborhoods which face severe economic and housing problems.

Approximately 25% of the dwelling units were substandard with a large percentage, 13%, believed to be overcrowded. The city has extensive areas of abandon or unutilized waterfront, industrial and railroad properties. These unproductive properties erode the municipal tax base, and are serious obstacles to the city's economic survival. So, by late 1960, Hoboken was in a very deteriorated state, and definitely was on a decline as a city. Now, it was in 1969 that Hoboken was designated as one of the cities to participate in the model cities program which was funded by the Federal Department of Housing and Urban Development. This made available a grant of about \$2 million a year which allowed the city to plan and implement programs which would lead to rebuilding the city. It was through the Model Cities Agency that the housing programs which we used to revitalize the city were initially developed and carried out.

In the housing area through various studies on the conditions that exist in the city, we found that the housing stock was essentially sound, since it was mostly composed of brick structures, and that 80% of the housing stock was built prior to 1910, and that the exterior of these structures were structurally sound and very attractive, although the interiors, after many years of abuse, were in fact in very poor condition.

We also found that there was a large number - about 60% - of buildings that were one to four unit type buildings, and that they were mostly owner-occupied. Now, using the data collected, we made a decision at that time which is contrary to the traditional way of bringing about change in living conditions and housing conditions in the city. We rejected the idea of the urban renewal process, which was the process of condemning properties, acquiring those properties, relocating the families, and then demolishing the properties, as the way to bring about decent housing for the residents of the city.

We concluded that the best method for improving the housing conditions was through a concentrated effort of stabilization of neighborhoods by the restoration and rehabilitation of Hoboken sound although it deteriorated brick and masonry housing stock. Therefore, we developed the Neighborhood Preservation approach to bring about a change in the housing conditions, since the neighborhoods in the city were the basis of city life, and this quality of character of the city was what the people were looking for as part of an urban environment. In the early seventies this was really a radical change in policy, since we decided we would develop a program of rehabilitation as opposed to construction of new housing as the best method of changing the quality of life in the city of Hoboken.

Again, prior to this time, most of the major studies and reports on what to do in the city of Hoboken had recommended that large areas of the city be in fact demolished, and that new housing, new high rise housing, should take place there. In our program, our first step was having the city qualify as a project rehab city. We were one of only seventeen cities in the country that received such a designation and we were by far the smallest city. Most of the cities that

had received this designation were cities such as New York and Chicago. Hoboken was the only city with a population of under 50,000 to receive that designation. The designation allowed or gave an allocation of 1200 units of the section 236 housing to Hoboken. It also gave a developer who would do the housing units in Hoboken priority in the processing through the Department of Housing and Urban Development. The developer at that time was Walter and Joseph Barry who had a company known as Applied Housing. They started to acquire rows of tenement buildings which are the five-story buildings within the city that were in very poor shape, and they began the process of gut rehabilitation.

As has been previously mentioned, the first series of nine buildings that were done were known in Hoboken as the Tootsie Roll flats, because the Tootsie Roll Candy Company that had previously been in Hoboken had essentially used those apartments to house their workers. After the company left, the buildings were actually deteriorated, and they got to the point where there was extensive overcrowding, and the apartments were in a very bad condition. Eventually the developer rehabilitated over 1,000 units of housing throughout the city.

The areas, which were bordered by tenement buildings, had great concentrations of owner-occupied one to four family houses within the rehabbed complexes. So, the focus of the current rehab program was to stem the tide of blight and decay on entire blocks which were surrounding this housing which was essentially good in order to eliminate the danger that the owner-occupants would sell and move out of the city because of the blinding influences on the nearby tenements.

We heard this morning a great deal of discussion on the 236 program, or the gut rehabilitation. Hoboken attempted to work within the guidelines of that program, and those guidelines were mandated by the Department of Housing and Urban Development and in some cases also by various state regulations. Our main objective was to upgrade the housing stock here in the City of Hoboken. There was no other way of doing it. Since construction costs were so high, we had to use these federal and state programs to bring about the necessary improvements in the housing stock.

The issue of relocation of families was an issue that came up obviously in the early stages of that program. Hoboken does not have a large available block of abandoned buildings which are vacant and which are suitable for rehabilitation. This is not true in some of the larger urban areas in the State of New Jersey, but in Hoboken we did not have a serious problem of massive abandonment of housing. A lot of that abandoned housing was not even going to be suitable for rehabilitation, so we had to face the fact that we were going to have to rehabilitate sub-standard housing, which was in fact at that time occupied.

There was the problem of complying with the Uniform Relocation Act. In order for us to comply with it, we went back to the Department of Housing and Urban Development and in fact got a three and a half million dollar grant to be used solely for the payment of the relocation cost in the project rehab program. We felt then, and we feel now, that without that additional support, that financial support, the program would not have been as successful as it was.

We also developed our own relocation plan and our own relocation program. We did hire a staff which was under the jurisdiction of the Model Cities Agency to administer the relocation benefits according to the legislation. They in fact met with the tenants. They figured out the formula for the amount of benefits, and

made sure that the tenants got the benefit. But an important component of that relocation process has to be strengthened if any municipality wants to carry out a relocation program. You have to be concerned with incorporating a social service program to assist the people who are relocating. So, even if you can get that family back into a brand new apartment or back to any new rehab apartments, that is not the only problem that the families have. We have found that many of the families have problems, maybe with welfare, maybe with unemployment, maybe with social security, and maybe with food stamps. A lot of the families do not know how to go before these different agencies or governmental institutions to get what they are entitled to. So, we are acting as advocates for those families in those situations. If the husband is unemployed, we find out why he is unemployed. We try to find out if there is a training program for him, or, if necessary, we look into day care centers for the mother, allowing her to go out and get a job. Those problems have to also be handled. If you get the money and give out the check, and you abandon the family at that point in time, then relocation is a failure.

In the beginning the relocation benefit was given out as \$1,000 a year, and that gave the relocation staff an ability to follow through with the families over a four-year period. We could therefore insure that they would stay in standard apartments. In 1974 the Federal Government did change their policy and went to the lump sum payment. This was because at that time President Nixon was trying to get out of as many housing and social programs as possible, and he felt that if he gave out these lump sum payments, they would clear their books, and they would not have the administrative paper work needed to make the annual payments over a four-year period. We felt that was a poor decision on the part of the Federal Government, but we had no choice but to then go into lump sum payments.

As you upgrade your housing stock, and if you can provide standard apartments for the people who are relocated, and if you can meet some of their social needs, and at the same time you can take care of the families who are also leaving substandard apartments to come into the rehab, that would start a cycle that hopefully would take care of the other apartments that are in need of rehab in other buildings, and rehab them. It was pointed out that in some projects you can get three and four bedroom apartments because of the physical layout of the tenements - others you can't. So, you hope that maybe in the next project you can incorporate three and four bedroom apartments.

The city from the beginning has pushed for that, and it has attempted to make the developer see that need and meet that need. Now---

ASSEMBLYMAN OLSZOWY: We have heard that testimony. What we are interested in is finding out what your recommendations are to improve this system. What have you found in your experience to be the problems, and how can we solve them? The testimony you are giving to us now we have heard three times over. The only way this Committee can function properly is by hearing your recommendations to improve the system.

MR. BADO: Well, on the issue of relocation, from our experience, our recommendation would be, if there is a legislative mandate that a certain amount be given to the families that are relocated, somebody besides the municipality has to provide that sum, and that sum has to be adequate to meet the needs of the families involved. If we are going to relocate 200 families and the average cost is \$4,000 then the city or the municipality has to be able to go to the State Government

or the Federal Government and get the \$800,000. If you don't provide the money, it is sort of silly to have a program. You can have a rehabilitation program on the books and under legislation, but it is not going to work in the urban areas, because no matter which urban area you go into, in most cases you are going to find occupied buildings. So, you will have a housing program which has benefits and has subsidies and has financing to make it work, but then you have the impediment of the relocation problem. That effectively stops your housing program, so you have to tie it in.

ASSEMBLYMAN MAYS: Mr. Bado, are you from the Hoboken Community Development Agency?

MR. BADO: Yes.

ASSEMBLYMAN MAYS: And you have a relocation office that you direct also?

MR. BADO: Yes.

ASSEMBLYMAN MAYS: It seems like you have a dual purpose here.

MR. BADO: No, I am not the head of the relocation office.

ASSEMBLYMAN MAYS: But you talk about relocation, and the Relocation Office is supposed to be relocating the people, and taking care of the checks and everything else.

MR. BADO: That's right.

ASSEMBLYMAN MAYS: How is your agency involved in this?

MR. BADO: Well, at that time under the Model Cities Program, which is the successor to the Community Development Program, we established a project which was called the relocation office or relocation project.

ASSEMBLYMAN MAYS: Yes, but since you did that, since you now have a relocation office, how is your agency involved in this?

MR. BADO: I don't understand. We were involved in it because we funded it and set it up.

ASSEMBLYMAN MAYS: Are you involved in it now?

MR. BADO: We have a program for relocation, yes.

ASSEMBLYMAN MAYS: You work with the relocation office, hopefully.

MR. BADO: That's right. We work in conjunction with the relocation office.

ASSEMBLYMAN MAYS: The relocation office is going to be talking also, so why are we hearing this testimony from you? We would like to hear from you some recommendations. That would be more pertinent to this Commission.

MR. BADO: Well, I will go on to the other areas. One of our programs that does not deal with relocation but deals with rehabilitation, which we think should be encouraged on the State level and can be used, and is necessary to be used in other urban areas in the State of New Jersey, is our tenement rehab program.

Now, this program is different than the programs that are carried out by a big developer like Applied Housing. In this program we are dealing with an owner who might have one or two tenement buildings. He might in fact live in one, or he might not. These tenement buildings, which we have quite of number of in Hoboken, prior to us creating a program about two years ago had no future. There was really nothing available for them either on the Federal level or the State level. Banks would not help them to fix up their buildings. Many banks, either through redlining or through other methods, stayed away from tenement buildings. They felt that their investment was going to be very risky in these type---

ASSEMBLYMAN OLSZOWY: I agree with you. You are not telling us anything new. What are you recommending? I am not being facetious, but for eighteen minutes you told us about where Hoboken was located and what it is surrounded by, and you have a problem. What are you going to do about it? What are your recommendations? You have said nothing positive which we could do to help the people of Hoboken.

MR. BADO: We are here at the local level, at the municipal level, developing programs to meet the needs within the city with very little support from State Government.

ASSEMBLYMAN OLSZOWY: Now we are getting somewhere. What do you want from the State Government?

MR. BADO: Well, the bottom line is always going to be that the cities need money to carry out these programs. But if you don't understand---- I am trying to tell you what the problems are and the causes. If everybody knows the problems, we can bypass that.

We have programs for the major developers, and we don't have any programs for the smaller developers.

ASSEMBLYMAN OLSZOWY: That is a good point.

MR. BADO: And maybe the smaller owners don't have the lobbyists down in Trenton or in Washington to get their programs through, but there has to be something to meet their needs, because there are tenants in the city of Hoboken who want to fix up their buildings. They can't go to banks to get the money, and maybe the State should enact legislation to prevent that, or to encourage banks to invest.

ASSEMBLYMAN OLSZOWY: Well, there is a program now, depending on the income level. I believe it is \$15,000 for a family of---

MR. BADO: That's the multi-family. But we are talking here about a situation where you have the owner of the tenement building who has ten units---

ASSEMBLYMAN MAYS: From four to eighty-five.

ASSEMBLYMAN OLSZOWY: We know we have a problem there.

MR. BADO: There is nothing out there to help him.

ASSEMBLYMAN MAYS: We hit on that issue yesterday with HUD, and we also talked with community services, and we realized that there is a vast difference. For the family of four who own a house with an income of \$8500 there is no help. We realize that problem. That is why we are here, to try to help with that problem.

MR. BADO: Well, my recommendation is that the State should have a program that would encourage the banks to participate. The State should put some leverage on the banks to do that. Obviously, they have to make money available to carry out that type of program.

If you have any other questions, I will be glad to answer them.

ASSEMBLYMAN MAYS: Thank you very much. Vidalina Milan, Director, Relocation Office.

V I D A L I N A M I L A N: The purpose of my presentation today is to explain the function of the relocation program which I have been directing for the last four years.

The primary function of our office consisted of informing the tenants of their rights and benefits under the relocation act, and assisting them to locate an apartment that would meet HUD standard requirements also large enough to accommodate their family size.

Since the commencement of housing rehab projects in Hoboken, we have

assisted 793 families to be relocated. 71% of these families stayed in town, and 20% of those in town went to subsidized housing. 6% or 50 of the displacees purchased homes through the program. All eligible tenants displaced - with the exception of those purchasing homes - received rent differential payments up to a maximum of \$4,000 plus a maximum of \$500 for moving expenses. Those who chose to purchase homes were also given a maximum amount of \$4,000 plus moving expenses. In cases where the tenant chose to go into a rehabbed unit - his rent being 25% of his income and lower than the actual rent paid in the former apartment - the differential payment was made. This was in accordance with the rules and regulations of the Relocation Act.

Every tenant was individually counseled and their rights and benefits were explained. Brochures and letters were translated into Spanish for the benefit of the Spanish-speaking tenants.

Once the developer, in this case Applied Housing Associates, notified the tenants of his intention to acquire the building, a 90-day notice was given to the tenants to vacate the apartments. Immediately after receiving this notice, they were asked to come to the relocation office to be advised of their rights and benefits.

I wish to add that prior to the developer forwarding this notice, our Relocation Office surveyed the prospective tenants to assess their housing needs and briefly explain the relocation benefits. In doing the survey, we found that the needs of the tenants were beyond that of housing. We found that the tenants were experiencing the need for many kinds of social services. In providing whatever assistance we could through our Relocation Office, we often dealt with referral of tenants to other social service agencies in the Hudson County area.

Before tenants were actually moved from one location to another, our program staff were responsible for assuring that the tenants' new apartments were in standard condition. Our office also helped these families with locating apartments. As you will note by the percentage quoted before, the majority of the tenants were relocated in the Hoboken area. They were also informed that having moved from the area did not exclude them from future consideration for a rehabbed unit.

When the rehab program started, the annual rent differential payments made to the tenants served as an incentive for them to remain in a standard apartment. Under this arrangement, their apartments had to be inspected every year before payment was made. Even if they choose to move from one apartment to another, their new apartment had to meet the standard condition requirements. Upon revision of the Relocation Act that went into effect in 1975, lump sum payments as opposed to annual payments were made to tenants. This made it increasingly difficult to secure that the tenants once moved could continue to live in standard housing. After payment of lump sum was made, follow-up work from our office indicated that after a month or two, most of the tenants had moved from their new apartments. Contact was maintained with as many tenants as possible; however, for the most part, once payment arrangements were finalized, tenants did not return to our office.

The need to secure that families remain in standardized housing, and that such housing be made available to large and minority groups in Hoboken, is a concern which our office most definitely shares with those present here today. The question as to what would be the best means to accomplish this remains to be answered.

In closing, I would like to comment on the thesis prepared by Ms. Raia, a Columbia University student, which appears to have become the center for the claim that relocated displacees were not adequately assisted and that widespread discrimination was applied. First, I have been involved in the development of social programs for the last twelve years, as a social worker, and eventually administrator. I feel that her thesis presents a purely subjective, one-sided view of the situation. If taken as a whole, her thesis actually justifies the program. She makes assumptions which infer her very results.

Briefly, in response to her charges, her contact with the displacees consists of interviews with only 17 relocated tenants. I must point out that that is only a few out of 800 relocated households. Her inferences were made concerning the overall program on a mere 2% response. If that kind of statistical condition can be found with that percentage, it justifies the conclusion reached. My relationships are with individuals displaced, and I am totally aware of the housing problems, as well as the variety of social problems which affect them.

A typical type of assumption made in the study is that since only 12% of those displaced actually went into rehab units, that a plan was carried out by the developer, the city, and HUD to exclude them from the rehab units. If you, as I have, had actually relocated the families and worked with them, you would find that each family has decided to return or not for their own personal reasons.

She also said a good portion of them did not return or chose not to apply because of rumors they had heard. Therefore, the inference made, that they were not eligible, would not have been tested.

Finally, she discloses that a large percentage of those who may have been eligible to apply consciously chose to accept the cash relocation payment instead of subsidized units. In summary, my interpretation of her thesis is, a major issue seems to be addressing national policy on the legislation and that in fact demonstrates that the problems were carried out to the best possible ends with the guidelines set forth. (Applause)

ASSEMBLYMAN OLSZOWY: You stated that approximately 800 families had to be relocated. If these families were ultimately relocated, how long a period of time would it require to relocate them based upon rehabilitation per unit?

MS. MILAN: Well, it all depends on the family needs to secure apartments for them. If they have a large family, it is a problem for them to relocate.

ASSEMBLYMAN OLSZOWY: Assuming we wanted to take on a half a block of apartments which are one unit, how many families would you have to relocate within that period? I assume it would take a good year to rehabilitate a block.

MS. MILAN: Six months, a year, to relocate the families. It all depends, like I said before, on what their needs are, and what is available in the city.

ASSEMBLYMAN OLSZOWY: Well, that is how you arrive basically at the figure of \$1 million a year which was told to this Commission. That would be approximately 300 families. Would that be the total number of families you would displace every year?

MS. MILAN: Well there are 793 families we have relocated over a period of four years.

MR. JOSEPH BARRY: In Hoboken, there are about 250 units a year, times four years, so approximately---

ASSEMBLYMAN OLSZOWY: We are talking about a four-year span. Okay, that was the question I was trying to get an answer to. Thank you.

ASSEMBLYMAN MAYS: How long have you been working for the Relocation Office?

MS. MILAN: Since the beginning, six years, five years.

ASSEMBLYMAN MAYS: Of the people who have been relocated, how many remain in the City of Hoboken?

MS. MILAN: 71%.

ASSEMBLYMAN MAYS: 71% remain in Hoboken?

MS. MILAN: I want to point out that the 29% who went out of the city, some families purchased homes outside of Hoboken, so that will bring that percentage up, too.

ASSEMBLYMAN MAYS: In your testimony you said one of the duties of the Relocation Office is to go out and check the apartments to make sure they are suitable for the families.

MS. MILAN: Yes.

ASSEMBLYMAN MAYS: We heard testimony this morning and it was stated that some of these people took apartments that were of lower standards.

MS. MILAN: Before the tenants took any apartments, they were advised to make sure that the apartments they were being relocated into were in a standard condition; so, in every instance the staff went to inspect these apartments.

ASSEMBLYMAN MAYS: And they met the standards.

MS. MILAN: They met the HUD regulations.

ASSEMBLYMAN MAYS: So, they were not put into apartments that would be of lower standards?

MS. MILAN: No, that is not true.

ASSEMBLYMAN MAYS: You have seen the thesis of Ms. Raia?

MS. MILAN: Yes, I have.

ASSEMBLYMAN MAYS: Thank you very much. (Applause) Thomas Newman, President, First Ward Block Association.

T H O M A S N E W M A N: I am Tom Newman and I am the President of a group called the First Ward Block Association. I would like to say just a couple of things about the Block Association so you will know who we are and for whom I am speaking. I would like to say just a few words after that in response to the presentation made by critics of Applied Housing this morning. Finally, I would like to conclude with just a few suggestions from our point of view as a Block Association about getting into housing in our area and the kinds of things we would like to see the State do that might facilitate what we want to do.

The Block Association was formed three years ago when a group of us got together in one block and decided we had had enough of certain problems on the block. There was a tavern down on the corner and the people there were making a lot of noise and using the sidewalk as sort of an outdoor patio. There were a couple of run-down buildings that were overcrowded that were hang-outs for junior high kids. They would be there to twelve and one o'clock in the morning, running up and down the street, often on the tops of the cars. They were doing different kinds of vandalism, etc.

We passed a flyer around calling a meeting and got people coming. We went to the ABC about the tavern. We have been to the ABC with other taverns. We have established something we call a Tavern Watch where residents can come to the Block Association and we will go with them to the police and we will build up a case and get after a bar if it is bothering people.

We have gotten into a housing program which we have been nursing along now for two years. We are trying to buy and renovate two small buildings on Second and Garden Streets. Our intention is to completely gut and rehab them. Then resell them to owner occupants. They are now being used as tenements and are really in deplorable condition.

I should say something about the First Ward. The First Ward is known as Downtown Hoboken. It is the oldest part of the city. It is the poorest part of the city. Yet it is still, I think, a good place to live. I am proud to be a First Warder. We have a lot of problems. We have a lot of rooming houses in our area, pockets of slummy tenements and a few large blocks of tenements. One is up on Washington Street, which is the project which has recently been turned down by the tenants and Applied Housing wanted. That is in our area. It is sort of on the boundary of where we are most active.

In our Association, we have predominantly the owner occupants of the smaller houses, which are in the heart of the area of the First Ward. We think that the owner-occupants in our Association represent not the only strength in the neighborhood, but one of the real strengths of the neighborhood. We are the people who still hang in there and care about the neighborhood. We have attracted the people to the Association for this reason. We are non-political. We have stayed out of any kind of partisan politics. We are political in the sense that we deal with issues, but not in elective politics. Basically, we are a coalition group. We have a lot of Hispanic members. We have a lot of Italians. I am not Italian, but if you are not Hispanic in Hoboken, you are Italian. And we have some new-comers as well. We haven't had a brownstone revolution down in the First Ward - that has been uptown - but we do have some new-comers. And they have added a little ray of hope. They tend to be more hardy, young types. They are not your typical brownstoner. I

don't think we have a brownstone revolution yet down in the First Ward. Well, that is enough about the Block Association.

The critics of Applied Housing this morning have raised problems about which all of us in the Block Association and, I think, all of us in Hoboken are aware, especially problems with the rehab effort. They have brought these problems to everybody's consciousness, and quite legitimately so. One is that in the whole rehab effort there remains various individuals for whom the solution has not been found and for whom the only solution seems to be a \$4500 relocation benefit and maybe a little help in finding a better apartment than the one they have lived in. The relocation service has been doing its job. But that is about it. This is a serious problem. There are many people who live in our ward who have large families and who could not go back into a project for that reason. There are people who have drug problems, alcohol problems, child supervision problems, etc., who cannot go into these buildings because of tenant selection standards. This is an enormous social problem that this country has to deal with.

I think the critics are quite right in bringing it up and taking the opportunity of this occasion when we are talking about housing to say, "These people have a problem of housing and it is damaging their lives critically." That we all agree on.

Where I would disagree with the critics is in their criticism of the efforts Applied Housing, in particular, has made in Hoboken to solve at least some of the problems of some of these people where they feel they can do so within all the confines and within all the legislative morass that they have to deal with. I don't think it is fair to criticize them for what they admit they have not been able to do and the problems they have not been able to solve. I think it is a little more fair to appreciate what they have done, the low-income people that they have helped, the minority families who always had difficulty finding housing who now have good housing. This can easily be overlooked when you begin to talk about the places where they have not been able to solve the problems.

ASSEMBLYMAN MAYS: I must remind you we don't want to dwell on the critics or the proponents of Mr. Barry's projects.

MR. NEWMAN: I just feel as a neighbor, I should respond.

ASSEMBLYMAN MAYS: We as a Commission feel we should not get involved in that. We are here to get better housing in the State of New Jersey and in Hoboken, not to criticize any project in the City of Hoboken.

MR. NEWMAN: Let me move on to another point which I think would be of interest to you; and it has to do with the whole problem of tenant selection. Tenants in slum buildings are victims of society in a very real way. We all can agree with that. However, many tenants in slum buildings are also victimizers. I say this as a neighbor who lives in an area where we have problems with slums. Somebody is throwing garbage out of the window. Somebody is breaking down the doors. Somebody is breaking into our houses. This has to be recognized.

So tenant selection is a principle. Many of the relocation problems center around the problem of tenant selection. It is a principle which I know the Block Association stands behind and I think the overwhelming majority of responsible citizens of Hoboken stands behind. We don't want to discriminate against anybody because they are poor or because they are of one ethnic group or another. But we do want good neighbors and that is where we are going to stand. I think Applied Housing

is appreciated as a good neighbor because they demand standards. (Applause)

Now I come to my last point. I think it is irresponsible of critics to attack and try to scuttle and subvert the efforts of people who are trying to do what they feel they can do, and to sabotage projects. To take the position that no rehab is going to be done unless we can solve all these problems and say, "Even if you can solve half of them, by God, we are going to stop this project up on Washington Street, or wherever, because you can't solve all the problems," is wrong. What they are doing when they do this is holding us, the neighbors, hostages. The gun is put to our heads. They are willing to kill a project and, in doing so, kill us. To live with slums in your neighborhood is to live in jeopardy. We are anxious to solve all the problems, but we would like at least to get down to solving some of them and not thwart the efforts of people who are trying to do the best they can within the strictures they have. I feel that we are really being held hostage by people who say, "Look, all this has got to stop if we can't have it our way," etc. I want them to know that we resent that.

Getting to positive approaches on this, I want to make some suggestions. Again I think that the critics would be better advised to take a positive approach. If it is so easy to do some of these things, they should try it. We have a small project that we have been hassling with now for two years.

ASSEMBLYMAN MAYS: The Commission doesn't want to hear about the critics of Barry anymore. Before this problem arose in Hoboken, this Commission was formed. So let's get to ways that we can help Hoboken.

MR. NEWMAN: Now I am getting to our experiences in trying to do something in housing, particularly this little two-house project. I would say that the relocation laws seem to have been designed to frustrate a group like ours, trying to do something about a slum building in its neighborhood. We don't have the resources to pay \$4500 a unit to people. Our only answer is to go to the State and ask them to come in and give a classification to these buildings whereby the State would have to pay. The State doesn't have the money to do that. A neighborhood group who wants to rehabilitate some housing is absolutely strapped when it comes to the problem of relocation. We can't afford to do this. That is a very serious problem.

We would like to do more housing. We would like to take the initiative and be a non-profit group and carry out other projects. We would like to explore the possibility of developing a small-house rehab program, aimed at dealing with the numerous rooming houses that are in our area. A rooming house is a difficult thing to live next door to. It has a transient clientele. Most of these houses are in very bad condition and something needs to be done. We could use seed money to do this. We would like to develop a program where we could convert these into two-, three- and four-family houses, which could be resold then to owner occupants. I think from our costing we have gotten into with the project we are presently involved in that we can do it at half the unit price that is currently being spent on the large rehab that has been done in Hoboken. This is despite the fact that Applied Housing has a pretty good record for keeping costs down. We don't have to deal with unions. We don't have to live up to all of the various HUD regulations that they have to live up to. So I think this is something that might be explored. We would like to get seed money and get into this and develop a proposal.

Finally, we would like to explore the idea of developing cooperative

housing in some of the tenements in our area. Again we could use some seed money to do this. And, again, we are going to have a problem of relocation, etc.

These are things that we are thinking of and that we would like to work on and develop. I hope that you will take this into consideration in whatever legislation you are developing. That is all I have to say. I will answer any questions. (Applause)

ASSEMBLYMAN OLSZOWY: Mr. Barry, you have this rehearsed very well. You raise your hand and they applaud. You put your hand down and they stop. You are a regular TV director.

I have two questions. I understood you to say in your testimony that the critics are stymieing the project because they are not getting their \$4500.

MR. NEWMAN: No. The \$4500 hasn't been the problem. In this particular project, the real difficulty seems to be between the tenants on the one hand and the State HFA. However, I think that some of the difficulty is the advice that the tenants are getting. I attended two of the first meetings that were held with the tenants, and our Block Association even helped to form the tenant group which negotiated and dealt with Applied Housing on this whole issue. We were then cut out of further participation. But I think they basically made a mistake in taking an antagonistic stance in the very beginning against the project. I think they were misled into doing this against Applied Housing, in particular. A more cooperative approach should have been taken. The State's refusal to provide three-bedroom apartments was a problem. Everybody recognized that. Applied Housing offered in good faith to join with the tenants and go down to Trenton and try to jaw-bone people into backing down on that position.

The Block Association would have been very happy to go with the tenants if we had been asked. We would have done that. We would have gone to other groups and to some of the politicians in the city and we could have had a united effort to see if we could change that.

ASSEMBLYMAN OLSZOWY: I misunderstood you to say the project was stifled because they could not get the \$4500.

MR. NEWMAN: No, it was not the \$4500.

ASSEMBLYMAN OLSZOWY: All right. We will leave that then.

You stated you had a problem living close to rooming houses. That is not a State problem; that is a local problem. Your local city fathers can correct that at one meeting by introducing a resolution or ordinance. After a public hearing, they could pass it and your problem would be solved. I don't ever want -- I repeat -- I don't ever want the State to come in and tell you what you are going to have in your city because that takes away home rule. There is a move in that direction in the State now. I oppose it and I always will be opposed to it.

ASSEMBLYMAN MAYS: Mr. Newman, from what you just said, I gather you believe in community control, such as your First Ward Block Association. Now the critics that you mentioned, they have community rights also. They apparently don't want to be penalized because they have large families and have to move out of their community. You are saying you don't want to be penalized by having a rooming house next door. Am I right? Don't they have a right to speak up also? It may not be Mr. Barry's fault, but it is HUD's fault and the Relocation Department's fault in Trenton or Washington.

I brought this problem up to Mr. Walter Johnson yesterday and said that the relocation people on his staff and the architects have to get together before a development is given the money because people are being punished because they have large families and that is not right. They have a right to say what they want to say just like you have the right to say what you want to say.

MR. NEWMAN: I am certainly not against large families. I have four kids and one on the way. So I know what large families are.

ASSEMBLYMAN MAYS: So you are going to be punished.

MR. NEWMAN: I am certainly not against large families. Things need to be done to provide housing for large families. I agree completely with you on that.

All I am saying is that I don't think it is fair to attack and to block people who are trying to do something. There is a big problem in providing this kind of housing. It is difficult to do and it is not fair to attack people who are at least trying to do something. Applied Housing has 35 or 40 percent of their units in three- and four-bedroom apartments. That is much higher than HUD even asked them to do. So they are doing something. They are handling a piece of the problem. Why do we want to attack them because they don't have five-bedroom apartments? There are a lot of reasons for that. It is not that they are opposed in principle to that.

ASSEMBLYMAN MAYS: When you attack a person, you are attacking what he represents; and he represents HUD and HFA because he got financed that way. So this is what they are attacking. They want Mr. Barry's help and his expertise, but they don't want to leave Hoboken. I think if both parties would get together and get some large family housing, it would be a plus for Hoboken. If you take a positive approach, you can do anything you want if you work hard at it. I believe if the residents of Hoboken and the State officials get together, they can get what they want without stopping any project.

MR. NEWMAN: That is what I would like to see. My problem is that the critics have said, "We don't want to get together with Applied Housing."

ASSEMBLYMAN MAYS: I don't think they said that. They said, "Let's get together."

Thank you very much. (Applause)

David Baslow, New Jersey Tenants Association.

D A V I D B A S L O W: Good afternoon, members of the Commission. I am David Baslow, President of the New Jersey Tenants organization. Our state headquarters is in Fort Lee.

Basically, I appear before you today to specifically deal with the problem of relocation due to displacement because of the rehab of housing stock. As I said last week in Atlantic City, our position remains that there is a definite critical need to maintain the existing housing stock of affordable rents. At the same time, we recognize a critical need to encourage rehabilitation for non-living units. These would be burnt-out units and factories that can be converted into housing.

I don't think there is any legislation currently on the books that encourages developers to look toward whole sections of our inner-cities that are burnt out and abandoned, and to encourage them to spend their time and energy and expertise in developing livable units without displacing people that currently live in these communities.

If you have a non-subsidized multiple dwelling where the owner is able to maintain vital facilities - the heat and hot water - and the tenants are able to afford to pay the rent, it seems to me contrary to our purposes and our goals in housing to remove those units, to gut rehab them, and to bring them back at subsidized rents, considerably higher, because we are removing from the housing stock something we are unable to replace, and that is cheap housing, low-cost rental housing.

A young couple starting out or individual members of a family who desire to be on their own find, one, they can't afford the new units that are being built; and, two, they don't qualify for subsidized housing. They are right in between. Again we have a huge area of our State, especially in our inner-cities, but not limited to the inner-cities, of burnt-out and abandoned units that are ripe for rehab.

It may cause some additional problems to a developer. I have heard many people in the rehab business, including Applied Housing, say that they would rather work in a living community and do a building that is on its way out than to go outside and do a building that is gutted or burnt out. Economically, it is more feasible. It is more desirable. They are able to rent it quickly. But I am suggesting that legislation should be enacted to encourage these same developers to continue to rehab, but to rehab in the areas where no people are being displaced.

Getting away for a minute from the brick and mortar solutions that have been alluded to, when we cause displacements, is it the \$4500 that the tenant wants? What else is involved? What emotions come about that we are not addressing when we take a large group of people who are living in a going community and the kids are going to schools there, and the parents want them to continue in school there? It is a community where they know the shopkeepers. That community is their home. It is more than just a matter of dollars or landlord-tenant problems. They are residents of a community 24 hours a day. They are involved in the PTA. They are involved in amateur boxing of the Patrolmen's Benevolent Association. These are the kinds of people we are talking about. Suddenly, they receive a notice and they are told, "Now you can all move away. We are going to rehab this unit and we will allow some of you to move back if you meet the qualifications." Even if you were to allow all of these displaced people to move back, you have interrupted the lives in some situations of hundreds or thousands of people. Where are the impact studies if they have ever been done? There is a psychological effect on the kids being taken out of school and shoved into another town and then allowed to come back. What happens to these kids? Do we care? When I say "we," I mean we, the developers - we, the legislators - we, the municipalities that encourage displacement for rehab.

I think the social issues are something that have to be addressed and dealt with. I believe that the existing Eviction for Cause statutes deal adequately with protection of tenants. They do not provide for displacement unless there is a substantial code violation and then there is relocation available. But that was never intended to be used for wide-scale displacement of a lot of people. We recognize the need to displace some people because of conditions, but certainly not on a wide scale where it has been attempted.

Going on to legislative goals - we have talked about tenant selection - we have heard about that - I just came from a meeting in Newark where they

use the same methods of tenant selection, and it is outrageous. It is outrageous to say because a member of a family has a problem, a member of a family is a drug user who has been convicted and serving time, that family is denied housing. Here we are saying we will use federal and state dollars to subsidize and to rehab, yet we are not going to take care of a family who has a member of that family who has a problem. That is outrageous to me. I strongly encourage and urge the Legislature to consider an open waiting list and mandate it for all local housing authorities, for all state-financed housing, and to encourage the private sector to have an open waiting list and publish it so everyone knows where they stand on the list, so they have the ability to know if they are being denied housing and why they are being denied housing.

It is a major problem that currently exists. I know HFA recently attempted to put out a questionnaire. In that questionnaire, they asked questions, such as: Is there a member of your family who has ever been convicted of a crime? It is a "yes or no" type of answer. Well, a parking ticket is a crime. Speeding is a crime. The questionnaire doesn't differentiate; it just says: Has a member of your family ever been convicted of a crime? Is a member of your family using any drugs? It doesn't ask whether they are prescription drugs for medical purposes or for drug abuse. It goes on asking about alcohol and eight or ten other items. We have been successful in getting HFA to suspend that questionnaire. But that is the type of problem that we are seeing and it seems to be encouraged by many developers in our State, not only in rehab areas, but also in new subsidized housing, trying to screen or get rid of, as Mr. Joseph Barry suggested at a meeting, the crazies.

We have a society that says we have to house families of disturbed people. Whether it is an emotional problem or physical dependence on drugs or alcohol, we do have a responsibility to continue to house these people. To suggest by letting one of these families get into a development with 300 good families is going to ruin those 300 good families, is not plausible. I suggest it is the other way, that the 300 good families perhaps might be a good influence on that one family that does have a problem. And I don't think it has ever been demonstrated where that is not so.

In the rehab area, there is a serious problem in the whole concept of inspection of new construction and inspection of existing dwellings. New Jersey is fortunate to be the only state in the country with a uniform maintenance code, with a five-year cycle of inspection of that maintenance code. But there seems to be a breakdown someplace between that code and the local enforcement of similar codes or the State Code. There has to be a reason why most tenants I speak to believe that that building inspector is on the take.

ASSEMBLYMAN OLSZOWY: Can you start summing up? We are running out of time and we have other speakers.

MR. BASLOW: Sure.

ASSEMBLYMAN OLSZOWY: I would appreciate it.

MR. BASLOW: I just want to hit on the problem that was discussed in a meeting in Newark. There was a rehab development and the building plans that were approved were not followed when the building went up. The hallways were shorter. The rooms were a smaller size. Again that happened because either the inspector was incapable or didn't care. Those are the problems that have to be addressed.

Gentlemen, thank you. (Applause)

ASSEMBLYMAN MAYS: Tim Galligy, President, Clock Tower Tenants Association.

T I M O T H Y G A L L I G Y: Gentlemen, as President of the Clock Tower Apartment Tenants Association, I feel compelled to comment on one particular facet of public subsidized housing that has been under recent attack. I am referring to what is commonly known as tenant selection and screening.

As a tenant representative, I am concerned over the implications of the statements made by certain parties that tenant selection discriminates against minorities. It is my sincere opinion that nothing could be further from the truth. Tenant screening by subsidized public housing presently serves two distinct purposes. First, the owner has an interest to protect his investment; and, secondly, and most importantly, to protect the rights of the general population of a particular building.

The consequences of poor tenant selection could very well have a seriously detrimental effect on the tenants of low- and moderate-income housing. As a representative of a group of tenants, I am concerned over the consequences of such poor practices.

The financial structure of subsidized housing is such that any loss incurred by the landlord is subsequently passed on to the tenants. It is, therefore, detrimental to the rest of the tenants every time a tenant with either a history of default or vandalism is granted tenancy. Such situations in reality could occur over and over again. Prospective tenants with backgrounds of recurring default or vandalism have no right to inflict their life style on others. May I add, gentlemen, that such characteristics have no ethnic barriers. To insinuate that proper tenant screening is aimed at one particular ethnic group is both ridiculous and absurd. (Applause)

It is my opinion that every person regardless of race or color should and must be given the opportunity to enter rehab housing. Yet it is also my belief that every person is entitled to live in clean, decent and safe housing without having to deal with the problems of habitual violators of those standards.

Hoboken has struggled through hard times. It is an urban area that took the proverbial bull by the horns and began fighting its biggest enemy, decaying housing. Careful tenant selection has played an overwhelmingly important role in the success of Hoboken's attempt to survive. I am not, however, advocating a policy of unfair denial of tenancy. I am calling upon you to establish clear-cut standards that will protect tenants from the unscrupulous tenants who will destroy their property and cause unnecessary increases in rent.

Clock Town Apartments presently is engaged in a very liberal, but effective, screening policy whereby character references and references from previous landlords are carefully checked. The results have fared well. Vandalism and default have been kept to a minimum and in a building with a 48 percent minority tenancy rate, I doubt very much if cries of discrimination are valid.

In conclusion, I would like to reiterate my desire that proper tenant selection standards be maintained. As an urban dweller who enjoys the racial intermixtures and interaction that exist in public subsidized housing, I would not be here if for any reason I felt it was discriminating. Your support is necessary if Hoboken is to continue its present rate of success. Thank you. (Applause)

ASSEMBLYMAN MAYS: What this Commission wants is something that we can work

on, not personalities. We want something that we can actually work on for the betterment of Hoboken and the State of New Jersey.

Y O L A N D A J O N Z A L E Z: That is what I would like to see.

My name is Yolanda Jonzalez. I was an ex-tenant of Floral Gardens in North Bergen, New Jersey. I was relocated almost two years ago because the place where I used to live was very deteriorated and let go by our former landlord so there was nothing to do but have people come in and rehab the whole place. Along with me were 300 families that were all relocated at that time.

I, personally, was a member of the Tenants Association of New Jersey because our former landlord never repaired the things that had to be done in the project. So we went to them for help. We never got any answer. By the time Applied Housing entered the picture, almost 80 percent of the people there were low- and moderate-income people. We started to move out and then Mr. Baslow came into the picture with the Tenants' Association and misled all of us, creating a war among the tenants, saying that whatever Applied Housing promised was not true. Number one, there was not going to be any building for people to live in, that only the high-income people could live some place else - you know, with moderate rent - and that the people on our side would have to wait to come back to our places for almost two years when the project would be done in less than that.

So when I saw him today, I realized that he is in the picture again and would be appearing for those people that I know here in Hoboken who are low- and moderate-income and who let themselves be confused by this guy and his representatives.

I think we all could get together and create a good program with the help of Applied Housing, which really is working in good faith. Then everybody will have the right to come back like we all have come back to our places. Here with me are tenants who Mr. Baslow said will never go back to Floral Park because they are Spanish, or whatever the reason. Now we are showing him that it wasn't true. We all came back to our places. We are more happy than before because before we didn't have the services and we didn't have anything that we were supposed to have, for which we were paying rent. Now we are back in modern places, paying lower rent. I would like to tell people who are having this problem now not to let themselves be misled and think of the situation and all the problems that they could avoid if they get the right information. That is all. (Applause)

ASSEMBLYMAN OLSZOWY: How about a hand for the stenographers! (Applause)

ASSEMBLYMAN MAYS: First of all, I would like to thank everyone for giving us a good time here today, both the critics and the non-critics. But we are here to consider this problem for the people of the State of New Jersey, not just for the people of Hoboken. We are trying to get a uniform program in the State of New Jersey that will benefit all the people of the State, because everybody pays taxes to the State and to the federal government. Federal tax money is being used, as well as State tax money, to build these homes.

I believe that Hoboken is a unique city in that so many people live together in a one-mile-square area. You have shown interest in Hoboken by protesting, and protesting means that you care. If you didn't care, you wouldn't

protest. But, in my opinion, you should try to get together on this situation. It is not that difficult a situation. I know that some people feel they are being discriminated against because their housing is not being done.

I think we have to attack HUD and the HFA because they have certain things in their by-laws that need to be changed. We have to have three-, four- and five-family units built. We can't discriminate against anybody because, if one person is discriminated against in the City of Hoboken, it is going to hurt everybody here. You want the housing and I think the relocation people and HUD have to get together and make the developers build some three-, four- and five-family units.

I would like to thank you personally for inviting us here.

ASSEMBLYMAN OLSZOWY: I, too, would like to thank the people of Hudson County. It is always a pleasure to come here. Thank you very much.

(Applause)

(Hearing Concluded)

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