
Public Hearing

before

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

SENATE BILL No. 1675

*(Concerns municipal authority to deal with
abandoned properties; establishes pilot program)*

SENATE BILL No. 1676

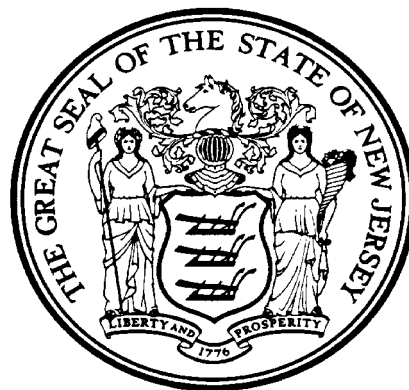
(Revises receivership statutes)

LOCATION: Verizon Building
Irvington, New Jersey

DATE: October 10, 2002
10:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

Senator Ronald L. Rice, Co-Chair
Senator Barbara Buono
Senator Gerald Cardinale



ALSO PRESENT:

Assemblyman Craig A. Stanley

Hannah Shostack
*Office of Legislative Services
Committee Aide*

Julius Bailey
*Senate Democratic
Committee Aide*

Magregoir Simeon
*Senate Republican
Committee Aide*

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addressed to

Members of the Senate Community and Urban Affairs Committee

from

William G. Dressel Jr.

Executive Director

New Jersey State League of Municipalities

15x

rs: 1-114

SENATOR RONALD L. RICE (Co-Chairman): Hello. Good morning. I just need your attention. We're going to get ready to get started with our hearing. Now, if you're going to be speaking--

Can you hear me in the back? (no response)

Can you hear me? Okay.

If you're going to be a speaker on Senate Bill No. 1675, the abandoned building bill, and No. 1676, the receivership legislation, then make certain that we have a slip, signed by you, so we can call you up when we get to that name. The slips are up here for those who have not signed up yet.

We're going to get ready to get started, and we'll try to speak as loudly as we can so you can hear us in the back, because there are no mikes here that really amplify out there. But Senator Cardinale and myself, and Senator Buono, we do have strong voices, because on the floor of the Senate, oftentimes, we have to rise and yell at each other. (laughter) So we know how to do it. So, if you hear us talking loudly, don't think we're yelling at you. You know, elected officials do that. Okay. Very good.

Okay, once again, good morning to everybody. Let me, first of all, thank Verizon for allowing us to be here this morning and for hosting this meeting for us. Verizon has always been an intricate part of our community, here in Essex County and really throughout the state. We just want to thank them again. Maybe when Maurice or someone comes, we'll give them an opportunity to say hello to you as well.

This morning we are hearing Senate Bill 1675 and 1676. I think that what we're going to do is have you, those who are speaking, to really speak on either of the bills or both bills that, in fact, you want to speak on, whether

you're pro or con or have some concerns or potential suggestions for amendments.

I want to say that this Committee is the Committee Hearing of the Senate Community and Urban Affairs Committee. We attacked a lot of things in our Committee, but one of the areas that we are very much involved in happens to be those issues addressing the quality-of-life issues and housing, and safety and housing, etc.

My colleagues here this morning is Senator Gerry Cardinale and Senator Buono. There may be others coming in. It's a good Committee. It's a serious Committee, but we want to hear from you.

So we're set. Why don't I turn over to Senator Cardinale and let him say a good morning to you. We want to welcome him to our district, too. He is no stranger to the 28th, by the way. He comes in and out of here quite a bit.

Senator Cardinale.

SENATOR CARDINALE: Thank you, Senator Rice.

It's a pleasure to be here this morning. I look out at the audience, and I see lots of faces. Generally, when we have our meetings in Trenton, it doesn't give people, real people -- people who have to live with what we do -- an opportunity to come and testify and give us their thoughts. And so, I think Senator Rice is to be complemented for having this hearing here, where it makes it available to more folks to come in and give us first-hand knowledge of the problems that they're living with. I think these bills reflect problems that many people today, as a practical matter, have to live with, and getting that kind of input is going to be very, very valuable to the Committee.

Thank you, Senator Rice.

SENATOR RICE: Thank you.

I'm going to ask Senator Buono to say good morning to us. I want to thank her, also, for traveling out of the 18th District, right?

SENATOR BUONO: Yes, thank you, Senator Rice.

I was just saying to Senator Rice-- I thought he was playing with me a little bit, because I moved from Essex County. I grew up here. I grew up in Nutley and Newark, and much of my family is still here. The directions they gave us were a little off, but that's all right. I can take a joke. Anyway, it's good to be back. This is my home, really.

I really need to commend Senator Rice. He has put such an enormous amount of work into ensuring that we do the right things as a Legislature. Quite often -- I was in the Assembly for seven years, and I just started serving in the Senate -- and, if I found out one thing, is that the best of intentions can sometimes go awry. That's why we're here. We may have the best of intentions, but the devil is in the details. That's why we're here.

We thank you all for coming, and I look forward to hearing from all of you.

SENATOR RICE: Okay, we're going to get started. The first person I want to call up to testify, who is a friend -- this is my girlfriend. She has a lot of spunk to her. Her city, Mayor Smith, like our city, has a lot of problems, but you watch them over the next few months and the next couple of years. But she's traveled a long ways, and I just think that those of us in Essex are gentlemen, and we want to acknowledge her and thank her for

traveling, and that's the Honorable Mayor Gwendolyn Faison, from the great City of Camden.

Mayor, why don't you come on up.

MAYOR GWENDOLYN A. FAISON: Yes.

Thank you, Senator, and to all of you, and to all of my good people, thank you for the opportunity to speak to you. And also, I'd like to thank you for all the good things you've done in the past. I commend the sponsors of this legislation. On the Senate side: Senator Richard Codey; Robert Singer; Ron Rice, who said he was my buddy; Sharpe James. Assembly side: my good friend Bonnie Watson Coleman, and Peter Eagler.

Let me tell you. I'd like to call Camden, *future* Camden, not only future Camden, a *new improved* Camden. For those of you that have been reading about Camden, you know that we are on the move. This bill is right on time. The City of Camden -- we need this kind of bill for the mechanism that it provides for abandoned properties. I don't know if you know it or not, but over 10 percent of the housing stock in the City of Camden is abandoned property. Isn't that awful? And you know what abandoned properties can do for a city, and many of those structures are located near our businesses. They're located near our residents, and they create great problems for the City of Camden. They're unsafe, and many of the great problems are: the people are nearby and they live into these abandoned houses.

And don't mention the criminal activity. Camden is known for a lot of drug activity. We're doing our best to alleviate it. But, as long as we have those old, abandoned properties, it's going to be awfully hard to alleviate

all the drug problems. Don't mention the fires that we have, with the vandalism. This is why this bill is so important.

You'd be surprised at the many people that call my office each day complaining about abandoned properties, to take them down. We have a developer, right now, getting ready to build the most gorgeous day care. They can't move. They've got an abandoned property in the way. This is why I support this bill.

We're also trying to improve the quality of life in Camden, and we're moving towards this bill. And with the revitalization bill coming into Camden, we do not want the abandoned properties to keep us from doing the job we're supposed to do.

Thank you for the opportunity. I'm looking forward to the revitalization. And we just need a way to deal with abandoned properties. I think this legislation provides that opportunity. And I certainly support Senate Bill 1675.

Thank you so much.

SENATOR RICE: Thank you, Mayor.

Are there any questions to the Mayor from the Committee?

Senator.

SENATOR CARDINALE: I know I've seen you in Trenton, and you gave very colorful testimony several times in Trenton.

But what occurs to me, as the prime question that we should -- the base problem that we should be getting at is, why do people abandon? What is the root cause that gets somebody who's paid money for an asset to suddenly

walk away from it? Can you give us some insight into, in your town, why that happens?

MAYOR FAISON: Well, I can give you many, many reasons why it happens in the City of Camden. First of all, being a poor city, we don't have the jobs, and we don't have the ratables. People cannot pay their taxes, and, sometimes, their liens are much greater than the value of their homes. They just feel, "I can't pay the lien, so the heck with it. Take it." So they walk away. Then we have other persons that are not too nice neighbors. They don't want to live and be a good neighbor, sometimes. So they walk away. Many of our problems are absent landlords. And I do not have a good code enforcement operating department in the City of Camden.

That could help, too, with the abandoned houses. So that's three of the real, real good reasons. But if you have another couple of hours, I can give you some more, many, many more. (laughter)

SENATOR CARDINALE: One of the reasons for the question is, in recent days, there has been some media coverage. I don't know if it's gotten down to Camden -- I know it's gotten into the Newark area -- that in some neighborhoods, it's just not safe to go, because there are certain gangs, and so forth, that actually control those neighborhoods, even more so than the people who live there. And they, sort of, have terrorized everybody who lives there, probably including the owners of the property. Is that something that pervades in Camden, as well?

MAYOR FAISON: You're absolutely right. This is why I'm here and traveled this morning to testify on this bill -- because of our young people, young adults, whatever, do not have jobs. They don't have the money. So

they're into another, negative kind of life. They use those abandoned homes for their drug activities. And they vandalize, and they're not too nice people. So that way, they can, in fact, terrorize our neighborhood. Some neighborhoods are not safe to go in.

But let me tell you, since I've been the Mayor, this administration, we are working towards that. We've got a long way to go. But I'm going to tell you, baby, it's getting better.

SENATOR CARDINALE: Thank you very much.

SENATOR RICE: Any other questions? (no response)

Mayor, I know you have a long journey, and I want to thank you for hosting my Advisory Committee meeting in your town. We're going to do all we can from this Committee to help the township, the City of Camden.

MAYOR FAISON: Thank you.

SENATOR RICE: Thank you very much.

MAYOR FAISON: I thank all of you. God bless.

SENATOR RICE: Thank you.

Next, I want to bring up the honorable Mayor Wayne Smith, my good friend, from the Township of Irvington. I should have brought him up first to say hello. I'm going to give him an opportunity to say hello to you.

Wayne, you may want to take the mike to say hello and welcome the people. I apologize, but I had to take care of Ms. Faison.

MAYOR WAYNE SMITH: Senator, if you don't mind, I'd also like to present my testimony.

SENATOR RICE: You might as well.

MAYOR SMITH: Let me first welcome the Senate Committee and my Senator, who does not need to be welcomed. He's here probably as much as I am, Senator Rice. We just want to thank him for his fine work.

Senator Buono, we thank you for coming this morning. And also, Senator Cardinale, welcome to the Township of Irvington.

I see many residents who are here, as well as people who have an interest in this bill. It's a very important and significant bill. I could not agree more than my colleague, Mayor Faison, of Camden. Also with us today is the Mayors of the Oranges and the City of East Orange, Mayor Hackett and Mayor Bowser, as well. I'm sure they'll be presenting their testimony, as well.

Let me say, this bill, these two bills, present to us an additional tool in our arsenal to deal with abandoned properties. Let me tell you that the Township of Irvington spends significant resources in trying to deal with properties that we don't own and don't have the capacity or ability to get control of. And so we're spending resources because they're a health -- and hazard to the community.

Senator Cardinale, I'll take the opportunity, while I'm testifying, to just respond to your question about why do people walk away. Some of it is because of economic distress, and people don't have the ability to continue to pay property taxes. Some don't have the ability to even do the rehabilitation, those who keep up their taxes even. Some properties fall into tax delinquencies and may be in the middle of a bankruptcy, and all those kinds of issues are available.

If the Committee so deemed, we are prepared to even show you some structures right near this facility that have presented particular eyesores.

And one in question, my staff knows well, at 67 Hopkins Place, that has been a horror story for our community. And that's one of the prime examples of a property in bankruptcy that we can't get legal custody of to do some of the things that we need to do.

My staff will be testifying. I've asked our business administrator-- And just for the record, I'd like to present, to Chairman Rice, a letter from our fire department indicating their support for the bill. I've asked our health officer; our housing services director; as well as our public works director, who has to deal with issues like this on a daily basis, to present testimony.

This will give us an additional tool to deal with abandoned properties here in the Township of Irvington. Lastly, I would suggest -- and I did have some conversations with the Senate President-- And I would ask one friendly amendment to the bill. In the homestead portion of the bill, there is a provision that allows a few targeted communities to be eligible to participate in that homestead portion of the bill. And I would respectfully request that the Township of Irvington be one of the communities that's added to that bill, in light of the number of abandoned properties we do have in the township.

Thank you very much. I applaud the Senate for their great work in this bill. I look forward to showing you some of the horror stories, if you have time. And I will travel anywhere, at any time, to support this initiative. And our staff is available to be a resource to help you make your decisions as you move this very important, and critical, legislation forward.

Thank you very much. (applause)

SENATOR RICE: Thank you, Mayor. Mayor Smith, that provision that you're speaking of, that, really, identifies certain cities, is a

provision that was put in and, with my understanding, intended to be a pilot program. That provision is going to be removed, because the advisory committee and others we have spoken to recognize that we don't need a pilot. As it stands right now, we have a great need throughout the state, particularly in the urban communities and some of our borderline suburban communities; and therefore, it's going to be taken out, and, hopefully, there will be language put in where it will be competitive through submission. So we intend to address that. The staff and I had discussed that yesterday.

Are there any questions for Mayor Smith from any of my colleagues here on the Committee?

SENATOR BUONO: I just want to make a statement that I find the glaring exceptions -- omissions from -- if, in fact, it was a pilot program. Newark, for example, is not there, and Irvington. So I certainly agree with the Senator's proposals, too, that there is such a great, glaring, long-standing need that we don't need a pilot program. We're way beyond that. I support you in that.

SENATOR RICE: Sure.

Okay, Mayor?

Let me just, also, indicate, because the question may come up again, there are many reasons that's expressed as to why landlords are not maintaining buildings, particularly abandoned buildings or multiple-dwelling units. And I just want to indicate to you, New Jersey is known to be the second wealthiest state in the country per capita. I wouldn't be surprised if we have grown to number one. But I do know that New Jersey's probably one of the most healthy states in the country right now. I always told people, "Don't

let the \$14 billion deficit give you bad perception about where New Jersey is. We're in great shape." There's a difference between a deficit and where we're going.

If you look at New Jersey, there are more dollars pouring in this state, in terms of opportunities for growth, thanks to the Governors and the Legislatures, those before us and those who are presently there. A good example is, if you look at Irvington, Newark, Orange, etc.-- If you take Newark alone, you're looking at a potential arena. Put those numbers there, whatever they may be. You're looking at over a billion dollars in school construction. You're looking at a potential waterfront. You're looking at private development and housing. You're looking at subsidized building from HUD. And we never left Newark. So you add those dollars up. And then you go right across to Irvington and look at something like \$172 million in school construction. And the Mayor is starting to put together other economic development programs. Then you go to Camden and put together those dollars.

The bottom line is, there has always been people out there who own property and keep their taxes paid up. And other buildings -- keep the tax and water paid up so they can't get a lien -- but they're a bunch of slum lords, or they're speculators. They want these municipalities to come in, or want someone to come and give them a windfall on a piece of property.

And now the way New Jersey is going, this legislation becomes even more important, in my opinion and my tenure in government -- it's been 20 years tenured -- primarily because the ante's going to go up, in terms of their expectations. But as they have greater expectations of windfalls, and

greater windfalls, they also have -- they're providing low expectations in terms of what the residents are going to receive or how they're going to benefit from those structures.

And so, we cannot build communities, inner cities, or any community, with a lot of new things and then have these negative pieces still in place that we have no control over one way or the other. And the courts are not as kind as they should be. And these building owners know that.

For example, if you have an abandoned building, and you put up a hundred units of new structure, and you have a building there, the courts will say, "Well, as long as it's boarded up, and it's free from fire and those kinds of things, it's okay." But they'll tell Mr. Smith next door that he has a little cracked window pane, and he's fined for code violation. That's the biggest contradiction I've ever seen.

But landlords know they can do these things, and they can hang on year, after year, after year. So I just wanted to, at least, give my colleagues and others my observations. And these are documented and real observations.

No one has spoke on receivership. But when you speak on receivership-- I was a council person for 16 years in Newark. And we've taken buildings and had buildings go on receiverships, only to have the receivership -- the personnel managing the buildings, straighten them up, reduced the crime, secured the building, got the quality of life back. Then it went back to the owners, and, in less than six months, the building was right back where it was. One building I can cite is 140 Roseville Avenue, in the City of Newark.

And so we know that game. We know the game of organizations. Many of them are coming from New York. Urban cities -- by and large --

multiple dwellings -- their family members. And what happens is, by the time you try to enforce the codes, they've already conveyed those properties to another family member or another organization they set up. So we never catch up, but everybody criticizes us in these cities about the problems and how people are living, and they're hanging out.

So we don't have good control. And so that's a major reason that -- to expedite a process of getting control over our destiny, where we can abate problems, abate them and return the building, or abate them and do what we have to do with the building. We don't care, in government, how it's done. So I wanted to say that, Mayor.

MAYOR SMITH: Senator, I just want to, as a courtesy, also say to Verizon, we'd like to thank them for hosting your Senate Committee here. They're one of our responsible corporate citizens and provided an opportunity for the hearing to be held today. We'd like to thank Verizon publicly.

Also, I do have a member of my municipal council, who is here, and I'm sure he'll probably add testimony at some time, the Honorable D. Bilal Beasley -- Councilman Beasley. I just wanted to recognize his presence here.

Thank you very much. (applause)

SENATOR RICE: Thank you, Mayor.

I want to recognize one of Irvington's own, my running mate, my colleague in the Assembly, who just joined us on the Committee here, and that's Assemblyman Craig Stanley.

Craig.

ASSEMBLYMAN STANLEY: Thank you, Mr. Chairman.

SENATOR RICE: Craig, do you want to say hello?

ASSEMBLYMAN STANLEY: Sure. Let me first commend you, Senator, for taking the step to have this hearing here in Irvington. We have to do these types of things. I was able to bring the senior citizens' issues committee meeting to Irvington a couple of times for a hearing and then for a committee meeting. And it's important that we bring Trenton to the people so that we can hear the needs and the concerns of the people who actually live here; that we hear from the mayors, the neighboring mayors. I see the Honorable Mims Hackett, whom I've had a long, tremendous relationship with, and the Honorable Mayor Bowser from East Orange. They're both tremendous Mayors in their own right. We have to do more of this. I, first of all, commend you on this.

You know, abandoned buildings and the problem with dilapidated housing has been a scourge, really, on our area for a long, long time. And, as a matter of fact, about a year ago, when we were trying to allocate the dollars that were, basically, provided as a result of a bill that you had passed, a law that you had sponsored years ago -- but DCA wouldn't get off the dime and actually get us the information that we needed so that we could actually legislate the appropriation. I mean, I was on the phone almost every other day because we had people like Don Huber, Irvington's director of the fire department, who was saying that we need to do something about these abandoned buildings.

There's absolutely nothing that's more detrimental, that harms our community more, than abandoned buildings, because you have crime that's attached to that issue, you have health issues that are attached to that issue, and we have, certainly, got to do more about it.

The last thing that I want to say is that I'm certainly going to be on board with the Assembly version of this legislation. Anything that myself -- and I believe you said Bonnie Watson Coleman is the Assembly sponsor. I will certainly be working on that and be ensuring that our side of the house does as much as we can to make this a law.

Thanks again.

And the final point I just want to make is that, what you said about the -- I sound like my uncle -- had a final point and a final point. (laughter) But the last thing I want to say is that we really have to look at how we treat homeowners, because if you let your house go -- as you said, if you let your house go down, you don't get a tax increase, but you get hit on the head from DCA. You get killed there. If you improve your house, then they say, "Well, your house is worth more now," and you get a tax increase.

So we've got to make these laws such that people who are trying to abide -- trying to keep up their properties -- that they're not penalized by our regressive tax structure.

Thank you very much, Senator. Again, I appreciate you coming to Irvington. Welcome to Irvington. (applause)

SENATOR RICE: Thank you very much.

Our next person to speak is the Mayor of Orange. He's also an Assemblyperson. And he's the running mate of the sponsor of the bill, Senator Codey -- one of the sponsors of the bill. There's no doubt in my mind where he stands on this legislation. In fact, if he comes up here and says something different, I'm going to let Senator Codey know. (laughter)

Come up, Assemblyman Mims Hackett, Mayor Mims Hackett.

(applause)

ASSEMBLYMAN MIMS HACKETT JR.: Thank you very much, Senator Rice, for just holding this very important forum this morning.

In addition, Senator Cardinale, I've known you through the years. You may not have known me, but Pat Dodd -- I used to be an aide to him. That's how I started out in this process.

Senator Buono, you're just like I am. You're the new kid on the block. It's just welcoming to see you here -- and all the support that you've given us upon this particular issue, and all of our platform guests, and elected officials from Irvington, my mayor colleagues, and everyone here, citizens of Orange, as well as all the other great municipalities, especially here in Irvington -- and Wayne Smith for that wonderful introduction of this particular location, Verizon.

Again, as indicated by the Senator, Senator Codey, as well as Senator Rice -- in sponsoring this legislation-- It's very, very important, especially to quite a few of the municipalities in New Jersey. There are 566 municipalities--

SENATOR RICE: Excuse me, Mayor. I hope it's not a union job.
(laughter) (Senator Rice hands witness a microphone)

ASSEMBLYMAN HACKETT: All right, thank you very much. Oh, wow. What a special treat. (applause)

Again, thank you.

It's just a tremendous opportunity to sit before you so that we can analyze and equate, actually, what we have to do to address these serious

concerns in our communities. There are 566 municipalities in New Jersey, but all of them do not share the same concerns we do with this particular type of legislation. So I'm glad that Senator Buono, as well as Senator Cardinale and Senator Rice, Senator Codey, and others, at least, give all the communities who are in this particular predicament an avenue in which to follow.

One of the things I'm happy about in this bill is streamlining a large part of what we're already doing, understanding abandoned properties. You now have outlined what abandoned properties are. And, also, you're letting that be up to the municipality to determine whether abandoned properties are nuisances, and you have that in this legislation. That, in turn, will be through the municipal land use reclamation agency. So you have that.

In addition to this law, you have a bankruptcy provision, because a lot of times, people think once they declare bankruptcy, that's it, and they can wait around for several years and, basically, do nothing. But under this provision, we could actually go to superior court, and they could determine whether this would be an accelerated procedure. Instead of waiting several years, it could be, now, just a few months. So this process could take place.

And in addition to that, we have one or two other measures that, I think, are really more in tune with what we should do. The idea of the position of abandoned properties in need of rehabilitation-- I think that certain funds should be expended in this account, and you've indicated that in this particular legislation. So all of these, actually, will enhance what we're trying to do, understanding that, at the municipal level, we give councilpersons within each municipality a chance to expound upon what's being addressed.

And it gives, as we see here this morning, all entities an opportunity. It gives homeowners, it gives real estate agencies, and it gives just the average citizen an opportunity to come up and address these paramount issues.

And I want the citizens, everyone in this room, to know, when you do give hearings, this has a profound effect upon legislation. Legislation is based on information that's gravitated to all of our elected officials. So, naturally, if you have certain accords, and if you have additional persons with the same type of issues and concerns, that, along side what you say, will be incorporated. And, as indicated by Senator Buono earlier and the Mayor from right here in Irvington, Wayne Smith -- indicating that this was a pilot program, and indicating that he didn't think he should address -- it should, rather, address additional urban areas. And Senator Rice, as well as Senator Cardinale, indicated that maybe that should be -- just the idea of you making these particular determinations -- this would be incorporated, hopefully, within this bill and during the final determination of the basic principle. I believe that once this is incorporated, and made into law, on the Senate side, and I believe the Assembly side-- We will move just as expeditiously as you do, maybe even more so, because of the numbers.

ASSEMBLYMAN STANLEY: Probably more so, Assemblyman.
(laughter)

ASSEMBLYMAN HACKETT: And I believe that we'll be able to get everything that we're requesting, if not more.

Thank you very much. In the essence of time, I want to give everybody else just as much time as I had, or even more. So if you have any questions, feel free to ask them of me.

Thank you.

SENATOR RICE: Any one have any questions for the Mayor, the Assemblyman.

Let us thank you also, Assemblyman Mayor Hackett. We understand that Orange is, also, one of those cities on the move, and we want to try to enhance that growth, and want to commend you on the great job you're doing up there, as well as in the Legislature.

Let me say that this is a very interesting Committee. It may be 20-20, but we're still quick on what we do.

ASSEMBLYMAN HACKETT: All right, that's the name of a TV program, 20-20. Everybody's watching.

ASSEMBLYMAN STANLEY: Chairman, I just wanted to--

SENATOR RICE: Do you have a question?

ASSEMBLYMAN STANLEY: Sure.

How many-- I know this is, no doubt, a big problem in your town, as well.

ASSEMBLYMAN HACKETT: Yes, it is.

ASSEMBLYMAN STANLEY: Let me just ask you, how many would you say -- how many abandoned buildings would you say that you have in town now, and how many would this bill, sort of, help address?

ASSEMBLYMAN HACKETT: You see, I have all my good people coming up giving me specific numbers. There's, approximately, 170, but, of

course, buildings, for some reason-- I believe that people are moving very quickly to acquire these buildings. So with the 170, this bill will probably help us to ease that to less than 70, if we can get this moved expeditiously.

ASSEMBLYMAN STANLEY: Thank you very much.

ASSEMBLYMAN HACKETT: Thank you very much. And, again, God bless all of you.

Thank you.

SENATOR RICE: Thank you, Mayor. (applause)

I just want to, kind of, indicate the process. You have to forgive me, but as Chair, we have to have some type of order. I know that everybody here has taken your time, and you're all very busy, and I suspect that you have many, many meetings. But I really want to move the elected officials through the hearing first, because they have to make decisions on your behalf, as organizations and community people, with their votes either in Trenton or on council. So just bear with me. We only have a few more to go, and then we're going to get to community-based organizations and administrators to hear from you.

Next we're going to ask -- and we're going to try to move from one city to the other city and share that. But I do have here a newer perspective from one of our new, young councilpersons, former police officer, and I believe he's still here, because he has another meeting -- probably late now -- Hector Corchado.

Hector. (applause)

C O U N C I L M A N H E C T O R M. C O R C H A D O: Thank you, Senator Rice.

Can you hear me?

SENATOR RICE: Yes.

COUNCILMAN CORCHADO: I want to thank Senator Codey, Senator Rice, and Senator Barbara Buono, Mrs. Shostack, and Senator Cardinale.

I want to give a perspective -- and I'm glad that the Senator mentioned that I was, also, a former police officer. So I want to give a perspective on two views.

In the need to get this bill definitely passed, I think it's very important that we understand that, as mentioned, many of the municipalities in the State of New Jersey suffer the same thing with abandoned buildings.

But I would like to give two views in particular: one that just happened last year in a building. And I'd like to point out, to the fact of, Section 4, Paragraph A, where we have a stipulation on code requirements. In Newark, we suffered a tragedy last year on Prospect Avenue for one of these same reasons -- where two young ladies in a fire -- that actually took their lives. It claimed their lives.

I think, with this bill, we would be able to stop those individuals that own property but don't take the responsibility to take care of the properties -- because one way or the other, they get around the system. I want to commend you for putting that there.

I also want to take out the point of -- the same paragraph, Section 4, Paragraph C -- for putting an indication if something that we are trying to finalize-- We realize, in Sunday's paper, they talked about the growing criminal activities in gangs in the State of New Jersey, something that is not

only, now, in the urban area, but also the in the suburban area. To have such a section in there, where it clearly identifies that if there's criminal or drug-related activities -- that we can have, as we say, teeth to take some action against these homeowners and these people that own these buildings -- I think that is very important in this bill.

It definitely needs to be passed, and I want you to know, all of the Senators that are supporting -- Rice in particular -- and Codey -- that you will have my full support anytime you need me to testify on behalf of this bill.

Thank you for the time to appear in front of you and to give my testimony. (applause)

SENATOR RICE: Thank you very much, Councilman.

You were referring to Senate Bill 1676 on the two sections you mentioned. Is that correct?

COUNCILMAN CORCHADO: Yes, that's correct.

SENATOR RICE: Okay, very good.

Senator Buono.

SENATOR BUONO: I just wanted to thank the Councilman for his very valuable insight. I just want to say that you may not know it, but I followed your race very closely. You are the councilman in my old neighborhood, the North Ward. So good luck to you. You certainly add a very valuable perspective.

COUNCILMAN CORCHADO: Thank you.

SENATOR BUONO: And I'm glad I'm not running against you.

COUNCILMAN CORCHADO: Thank you, I appreciate it.

By the way, I just want to add that there's a section there in north Newark -- and I think, this is for those of you that are not aware of it, it's on Broad Street between 3rd and 4th Avenue. I think you need to take a view of what can happen when you take these old buildings that are abandoned and turn them into good, prospective living quarters. In fact, when I was an officer, I had the unfortunate incident to respond to a job where they had a host -- and, Senator, you are fully aware of where this is located at -- of buildings that were abandoned. And I found, on one of my assignments, a homicide that occurred right within that building.

So I think this is just marvelous that you're doing it. And it's definitely well-needed. Thank you for your comments. I appreciate them.

SENATOR CARDINALE: Senator Rice.

SENATOR RICE: Yes, Senator.

SENATOR CARDINALE: I'd just like to pursue, Councilman, one of the comments that you made. Maybe I didn't understand it. You indicated that sometimes there is criminal activity in a home, and that homeowner should be, somehow -- we should get that house away from the homeowner. Now, I can understand that if a homeowner is the criminal. But what I think I read over the last couple of weeks in some of the stories about what has gone on in some of these areas is that these gangs have gone in and, actually, taken over. I believe they talked about, specifically, an apartment that was occupied by someone with housing assistance, who was a single mother and, in fact, was terrorized to the point where she wasn't even allowed to get in and out of the house. She had to serve the needs of the gang.

Now, it seems to me, that if we penalize the homeowner because a gang has come in and taken over, I think we're doing something that's counterproductive. And I don't think that that's what you're aiming at. And I just would like to clarify that.

COUNCILMAN CORCHADO: Absolutely, Senator Cardinale. I'm not referring to that. What I am referring to is those people that have ownership of the buildings and are involved in -- not, by any way, forced or coerced to do anything like that -- but are involved in the drug dealings and the involvement of selling drugs out of those areas. And I think-- And they have a very good law up in Chicago, and I had the pleasure of traveling up there -- where they work in tune with the prosecutor's office. And if they have more than one or two violations coming out of that residence, many times they do move to take over the residence of the home if the homeowner or the landlord is aware of it and has not done anything to abate the problem. What they do is move to take the property, and then they turn it over to a nonprofit organization.

At some times, there are people that own some structures and property, and they're fully aware of what's going on in their facilities. It might even be to partaking in the actions of selling the drugs. And that's what I alluded to.

SENATOR CARDINALE: In those kinds of cases, I fully agree with you. But we passed a law in the Legislature, not too terribly long ago, that indicated where there is drug activity going on, that -- and it's a tenant, not necessarily the owner -- that those tenants can be evicted.

Can you give us a handle on how that's working in your city?

COUNCILMAN CORCHADO: Absolutely, I think I can give you a very good handle on that. Wynona Lipman, for example -- they do periodic checks now. They would definitely move residents not only there, but they're starting to do it-- They started a pilot program there, where they have quarterly or monthly check-ups. They don't tell you when they're going to come into the residence. And they actually check out -- any indication where your neighbors or somebody tells them that they are running drugs or selling drugs out of a particular apartment, they will definitely investigate that. And they will move within, I think, a short period, about 30 days, to get you removed out of housing. So that is working effectively, and I thank you for that.

SENATOR CARDINALE: Thank you.

SENATOR RICE: Any other questions? (no response)

Okay, I want to thank you, Councilman. I know you have to go to the board of education. Take care of that project we're working on.

COUNCILMAN CORCHADO: Yes.

SENATOR RICE: Next we have, from our neighboring city that touches the boarder of Orange and East Orange, another mayor who's really, really had his hands full when he came in -- got a good grip. These are the cities, for those who don't know it, and my colleagues, that are on the move. You hear a lot about Newark, but you really need to visit Orange and East Orange and see what's going on -- Township of Irvington -- and that's the Honorable Mayor Robert Bowser.

Mayor. (applause)

He's Robert L. He has the same middle initial as me, but I have to figure out if it's the same name.

MAYOR ROBERT L. BOWSER: Thank you, Senator Rice.

In the interest of time, let me just thank the Senate Committee for coming together, and the Assembly people, mayors, and council people that are here.

Being a mayor, we deal with a lot of these problems, hands-on, every day. And when people ride around and they see all these abandoned buildings, they just assume that the city owns the buildings in the first place. So we get beat up every day, because they say, "Well, you're not doing anything about it." Any tool that can be put in our tool chest to make things better is, certainly, welcome.

What we've done in East Orange -- and to address Assemblyman Stanley's question-- When I came in, they weren't abandoned properties so much, but they were properties, Senator, where people just walked away from them. And a lot of it had to do with the history of white flight into the suburbs. People just walked away and abandoned them. The whole perception that there was no way, economically, the area was going to come back-- They just threw their hands up. And for a long time, there was a lot of things that could not be done.

We identified close to 600 properties in the City of East Orange. And, initially, we took -- we went the normal route where we would sell the tax liens, and we'd get a little kick from the tax lien sales. But then those who bought it were investors. They were not property developers. We went a

different root where we started foreclosing. So far, we have foreclosed on, probably, close to 250, 280 of those 600 properties.

The problem became that now we became the owners. And I think, one of the things that this bill addresses is that now you can have receivers, people come in and manage those properties. So we had to go out and, really, get a management company to come in and help manage the properties, because now we're responsible for the insurance and all those other things that are attached to those properties.

And in all municipalities, the biggest problem is money. Where are we going to get the revenue from to run our government? This bill probably gives us the opportunity to do that. And when you have this type of forum, what you're looking for is -- the devil's in the details -- is what's wrong with this, or what can they improve to make it work?

One section that I'm looking at deals with the area of tax abatement for multi-families.

SENATOR RICE: Excuse me, Mayor, are you on 1675 or 1676? It's on the front page there.

MAYOR BOWSER: I believe it's-- This is Section 28 of 1676. I think you need to take a look at that, where you say that the taxes cannot be increased for a period of five years, because one thing that's happening in all cities, and I think all the mayors that are here will tell you in a minute, there's been a decline in the ratable base for the city.

When you're dealing with such a large number of properties, if you're going to say you can't raise the taxes for five years, even though there's

an investment to fix this up, again, you're hurting the ability for revenue to come into the city. Maybe you need to take a look at that a little bit more.

I also agree with the councilman that was up here before on the other bill -- 1676 also -- that dealt with the criminal activity with the gangs and everything. One thing you need to realize about gangs is-- It's not all gangs. There are just some bad people out here, and they're doing a lot of bad things. But, certainly, if you find them living in houses where there's problems and-- We have a lot of buildings that are abandoned, but people are living in houses -- burned down, because there's no electricity or other utilities in the building, so they set up fires, particularly this time of year. Just this past week we had three fires because it was, probably, people just living in the building -- because the temperature has dropped.

Both of these bills, I know, are doing one thing that's essential to the cities, which is encouraging home ownership, and that's extremely important, because if they own it, they're going to fix it up.

And the other part that I like about your bill -- also have to question how the fairness -- in Bill 1676, where you talk about notifying, I believe it is, an owner or, from the court -- would order unsafe property to be demolished or stabilized within 14 days. I don't think that's reasonable. I think it should be a longer period of time.

SENATOR RICE: What section are you speaking to?

MAYOR BOWSER: I have to find that. This is in a summary somewhere.

SENATOR RICE: We'll make note. This notification to the owner prior to--

MAYOR BOWSER: Stabilizing the property or having them demolish the property. I think it should be a little longer than that, maybe 30 days, because sometimes it takes that in order to get prices and whatever they've got to do to fix the place up.

SENATOR RICE: We'll take a look at the section. I don't recall, off the top of my head -- that may only be notice that you have to start to do things. But we'll take a look at it and make it clear. Certainly, we recognize that sometimes it takes that long to get the mail. But the point is, I believe that's just notice. Usually the law says 10-day notice or something like that. But we'll take a look at it. Some people aren't properly served, and some people aren't served at all. That may be the reason. But we'll see if the language connects with something else that gives you the implication that you're discussing. And we'll see if we can extend that.

MAYOR BOWSER: And the other thing is, you're talking about demolishing properties. I know there are certain loan programs from the State where you can get into -- at a low interest rate in order to get money for the city to demolish properties. Again, the problem in our city is to make sure that we've got money to do these things. And certainly, you can place a lien for demolishing a property that is really unsafe. The thing is -- the problem is getting the money back, if you're ever going to get it back. So I don't know if that's really clarified in this program, or whether there's provisions that tie into other legislation which will allow the cities the opportunity to acquire funds to do the demolishing that has to be done.

Any questions?

SENATOR RICE: Any questions from my colleagues? (no response)

Mayor, thank you. We'll take a look at the comments you made. I hope that staff is making notes. If you need clarity, let the Mayor know so we can clarify now. We want to take a look at those sections and see if, in fact, the impact is on the negative side, or that the language needs clarification. We'll do what we have to do. And we may hear some of those things from others.

I know, also, I have some advisory group members here -- advisory to me -- who are taking notes. And we're going to be discussing this bill again. There's a second hearing, in case I forget to advertise it, in Jersey City on the 21st.

Thank you very much, Mayor. Hang on one moment, Mayor.

MS. SHOSTACK (Committee Aide): I found the reference to it. It's in the bill on abandonment. It's Section 4, Subsection A, Paragraph 1, I believe, where the public officer determines if the property's abandoned and can seek an order from the Superior Court to say that the property can be demolished within 14 days. So it's not in the bill that you referred to. It was in the abandoned property bill, not the receivership bill.

MAYOR BOWSER: I'm very happy to be here, because it's great to see the Senate and the Assembly people come together to do what they're supposed to do, help our people.

Thank you.

SENATOR RICE: We really work sometimes. (applause)

The next speaker we have is Councilman D. Bilal Beasley from the Township of Irvington. Is Councilman Beasley still here? (applause)

Councilman.

While he's coming up, because I know that some of his colleagues probably won't be speaking -- but I just want to acknowledge, if she can stand -- it's her hometown, the voice and conscience of -- this is the council here, and that's our great lady, Councilwoman Lebbby Jones.

Lebbby, would you stand. (applause)

We also have here her sidekick, Councilwoman McElroy.

I know you're not going to speak, Councilwoman McElroy. But I want everybody to know that she's formerly the president of the Irvington Board of Education. If anybody understands the importance of this abandoned legislation, it is the Councilwoman.

C O U N C I L M A N D. B I L A L B E A S L E Y: Senator Rice, Senator Cardinale, Senator Buono, and Assemblyman Craig Stanley, certainly it is an honor and a distinct pleasure and benefit to Essex County, and particularly Irvington, to have this public hearing here. It gives us an opportunity. And as it's been stated, it brings government to the people in a local way. And it makes it easier for people to come out and express their support and their comments.

In reference to the bills -- and Mayor Smith has made his statement -- and certainly, as a Councilman -- and our council colleague's in support of that. But there's just a couple of other things I'd like to emphasize on, particularly with abandoned properties.

As local officials and mayors and council people, we are at the end of government where it's, like, in your face every day, whether you go to the store or you meet people all over. And the issues are, certainly -- we are confronted with it more often.

One of the big problems of abandoned properties, besides the property itself being abandoned for whatever reason, is that it affects the whole block and the neighborhood. We have many people tell us that they can't even get insurance. Either the insurance cost is very high, or the denial of insurance becomes an issue because of these abandoned properties.

As the Mayor indicated, there's a number of administrative people here who are slated to testify, who will go, probably, into specifics. But in general, these two bills are, certainly, a welcome at this time to remedy a number of problematic issues that relate to the quality of life, how we rescue a neighborhood and bring it back. And anything that would expedite it or give the municipalities, or even give individuals-- I noticed in the bill that it's either a municipality or a qualified entity that would be able to, at least, get the property granted to them for the purpose of rehabilitation.

Irvington, being an Abbott district, is slated to build new schools. And building new schools is difficult if you're going to put them back into the same area with so much dilapidated or abandoned properties. So anything that will expedite it, that will attract people who would be interested in rehabilitating those properties--

And that part about the homesteading-- We have individuals -- they're not in business to make money. Their desire is to own a home. And if it could be made easy, whether it's sweat equity or whatever they can put

into it -- and it's been proven to be that, the feasibility of them being able to do that -- then we should make it easy for them to do that, whether they have to live there five years, ten years.

But this bill concerning the abandonment of property-- I commend Senator Rice and the Committee for, really, bringing this issue to the forefront. And anything that we have to do on the local level, be it through the Mayor's office or the Council, we're certainly lined up to support it and make this a reality to the people who need it the most, and that's our citizens and our residents.

So I just wanted to add my comments here this morning. Senator Rice, again, thank you for coming. We're ready to do all that we have to do on this end, on the municipal level.

Thank you. (applause)

SENATOR RICE: Are there any questions for Councilman Beasley? (no response)

Councilman, I want to thank you, also. I suspect, in a few months, you're going to be Freeholder for this district. (applause) I just want to remind you that most of these problems will be not just in your city now, they're going to be in the district. So you're going to have to carry that ball, too.

I also want to indicate, while I'm speaking, that you hear us make reference to Senator Codey, but the bill is co-primed by Senator Codey and Senator Singer. Senator Singer is a person I've known for a number of years as a legislator, both in the Assembly and the Senate. Let me tell you, he's very committed to these concerns, because some of the areas that he represents in

Monmouth County -- they may not be as urban, in terms of high rises, as Newark is, but, certainly, the problems are there. So I just wanted to make sure that he received his just credit as the co-prime sponsor on the Republican side. It does have bi-partisan support. We just want to know what needs to be fixed, what needs to be changed.

But thank you, once again, Councilman. (applause)

COUNCILMAN BEASLEY: Thank you.

ASSEMBLYMAN STANLEY: I just wanted to acknowledge that our Councilman is also our Chairman of the Democratic party. Even though we are a nonpartisan -- this is a nonpartisan Committee meeting here, I just wanted to make note of that, because he's our Chairman, as well.

Thank you, Mr. Chairman.

SENATOR RICE: Okay. Now we're going to call up -- and we'll be going from department heads to organizations, organizations to department heads.

Did I miss any elected official who may be here that has to run? Did I miss acknowledging any elected official that's here that my staff didn't pick up on? (no response)

ASSEMBLYMAN STANLEY: Mr. Chairman, I just want to acknowledge Mattie Carr, who's a former District Leader and an advocate. Also, James Lenix, who's also a District Leader of the North Ward.

Maybe you can just pass it down. (referring to PA microphone)

Thank you, Mr. Chairman. You know, whenever you have a hearing in your home town, you always have to be careful that you acknowledge who are in attendance. I want to acknowledge Mattie Carr, who's

been a long-time District Leader here in the Township of Irvington, and has been a community activist.

Mattie, why don't you stand or raise your hand? (applause)

I also want to acknowledge James Lenix, who's a North Ward District Leader, a long-time District Leader, as well, and advocate.

James, why don't you raise your hand so people know who you are?

And finally, I'm sure we acknowledged some of the members from the Chamber of Commerce, but the Executive Director of the Chamber of Commerce, Herb Ramo, is here.

Herb, can you just stand? (applause) Thank you so much for being here.

And last, but not least, Roscoe Bacon, my shoe repair guy from West Side Shoe Repair, a person who's a person who's a businessman here in the community.

Roscoe, why don't you just stand and--

He's a fellow deacon also.

Thank you very much, Mr. Chairman.

SENATOR RICE: See, you all complain about our salaries, but when you have to get your shoes repaired, you know that we have to get an increase in the State. (laughter)

Next, I want to call up Dr. Niathan -- it's not Nathan -- Niathan -- he's our good doctor -- Allen -- from the City of Newark. He's the Director of Economic Development. (applause)

Dr. Allen.

N I A T H A N A L L E N, Ph.D.: Thank you, Senators, Chairman, and Committee members. I'm delighted to be here to testify in support of both bills. I would like for you to bear with me a moment while I give you some perspective on the issues in the City of Newark.

Through a partnership forged of cooperation -- the City of Newark, with the assistance of the Newark Housing Authority, the State of New Jersey, and the Federal government -- the city is experiencing a rebirth of residential development unparalleled in its recent history. A ride through any neighborhood from north to south, east to west, provides evidence of this fact. New homes for sale to families with low and moderate incomes now stand on land that had remained vacant for many years. High-rise public housing has been replaced with beautiful low-rise townhouses that are permanently changing the vistas of many of our neighborhoods.

With the financial assistance of the State Department of Community Affairs, the New Jersey Housing and Mortgage Finance Agency, and the Federal Department of Housing and Urban Development, the city has, over the last five years alone, subsidized the construction and rehabilitation of 300 units a year of new housing for sale, and rehabilitated multi-family rental units affordable to families whose incomes meet the criteria for low and moderate income, representing \$142 million in total development costs. These homes, in a variety of styles and sizes, mirror the housing being built on the open market and represent a substantial physical improvement to many of our most challenging neighborhoods. This effort has placed some of our long-abandoned, gracious mid-rise apartment buildings back on the tax rolls and provided safe, clean, decent housing for families and senior citizens in need.

Confidence in the city's renaissance has also seen an important surge in the construction of new market-rate housing. Both municipally and privately owned properties that have remained vacant for decades are now the site of new one- to four-family homes. These homes, which are springing up in every ward of the city, are selling for unprecedented amounts and adding much needed dollars to the city's tax base.

As one would expect, once the housing market began to show confidence in Newark's regrowth, the owners of homes within our neighborhoods have begun to fix up their properties. With values on the rise, equity and rehabilitation loan dollars previously unavailable in many neighborhoods are now obtainable by qualified homeowners. It is not uncommon to ride down a street where new construction is taking place and see homeowners painting, repairing, and generally upgrading their properties. Streets, blocks, neighborhoods, and wards are beginning to be transformed.

The last spoke in the wheel of the city's housing rebirth has to do with privately owned abandoned properties. As the neighborhoods have begun to show definite signs of revival, dilapidated, substandard privately owned properties are very often the last vestiges of blight in a given neighborhood. Though public perception is that these structures are municipally owned, they are not.

Through a multi-departmental effort, the City of Newark has created a system by which municipally owned vacant land and abandoned buildings are made available to the public for purchase in as short a time as is allowable by law. Buildings, which come into our possession through

foreclosure, are processed and returned to the city's inventory for sale at auction or through development sale to qualified purchasers.

In spite of the city's best efforts, privately owned abandoned properties create and maintain a nuisance in our neighborhoods. Their very presence fosters an environment which increases the possibility of criminal activity, fire, vandalism, and other situations that significantly impact surrounding properties. Those properties immediately surrounding these nuisance properties suffer from diminished property values, even as those in other parts of their neighborhoods are rising.

In a survey just completed by the city, it was determined that there are 87 units in need of demolition, and 208 are in need of rehabilitation, citywide. Of these units, 240 are privately owned, which clearly illustrates the problem that the city is facing. The ability to take action to make the owners take responsibility for these properties, and/or to have the authority to take action ourselves, is key to the continued success of this housing renaissance.

The legislation being introduced today will go a long way in authorizing the municipality to take appropriate action in cases of abandoned, privately owned property. Senate Bill 1675 and Senate Bill 1676 will enable the City of Newark to put together a strategy to handle these properties which is as efficient as the one employed for municipally owned properties.

Senate Bill 1675, which authorizes the creation of a Municipal Land Reclamation Agency, and creates incentives for the homesteading of abandoned properties, places controls in the hands of the municipality, which is expert at the disposition of property. This bill empowers the municipality

by allowing it to determine that a particular property is a nuisance and take the appropriate action through the court system.

Under Senate Bill 1676, the city would be able to go in under a receivership action and address the existing conditions. This bill also provides for a revolving loan fund, which would issue grants and loans to be made available to receivers for multi-family rental properties.

One of the things we have observed, Senator and Committee members -- where we have new developments adjacent to old abandoned developments -- if we had the moneys for acquisition as we go through the early stages of the development process, we can impact the total area, rather than having those sore spots, as new development is in the process.

We further support this bill, because it provides empowerment to neighborhood-based organizations in that they, too, can initiate a receivership action. Who would have more of a stake in neighborhood improvement than those who live there? It provides education in property management and clearly defines the parameters under which an owner must proceed to regain control of the property.

These two bills will go a long way in supporting the City of Newark's current effort to bring our neighborhoods back to what they once were. A continued partnership with the State of New Jersey can only result in the advancement of the goals set forth by our Mayor, the Honorable Sharpe James, and the Municipal Council of Newark.

I do want to thank you.

SENATOR RICE: Thank you, Director, and welcome back home to the City of Newark.

Let me say that the partnership is there, and that's what this legislation is about. It's about partnership, and that's why it's being sponsored bi-partisan. I can assure you it's going to be voted on bi-partisan.

You mentioned money for acquisition. We've talked before about ownerships and absentee landlords. One of the problems, to my colleagues, that we have in these cities is that the absentee owner is not always a person. Oftentimes, it's the entity known as HUD, VA, and lenders. And many lenders we're chasing all over the country, particularly in terms of our residential communities. That, too, has created a problem. Hopefully, this legislation will send a signal to them, as well, that they have to respond.

Once again, we're hoping that the legislation is not really legislation that we have to use that often. We're hoping it's more of a deterrent, once folks know that we do have the ability. So we want to thank you for coming over to speak.

Any questions for Director Allen, Dr. Allen, from the Committee?
Senator.

SENATOR CARDINALE: You identified, roughly, I think, just under 300 total units that need reconstruction. I think it's a little less than that. I wasn't able to add it up real quick. But you said 140 of them are in private ownership. Why don't those 140 private owners -- because you say the city is developing, it's redeveloping, there's economic incentive -- why don't they have an economic incentive? I'm trying to struggle with, why would someone who owns this potentially valuable property want to let it go fallow and not use it?

DR. ALLEN: I think the comments were responded to earlier by the Mayor of Camden and the other mayors. You're looking at a situation where there--

SENATOR RICE: You might--

DR. ALLEN: I think this issue was responded adequately to earlier, by the earlier mayors, the Mayor of Camden and some of the other mayors, in that you're talking about a very challenging situation. You've got economic issues, unemployment, you have long years of maintenance that's tantamount to no maintenance at all, and it reaches a threshold where residents can't absorb the upkeep in their salaries. So we have to look at this from a very comprehensive approach. We can't talk about physical without some consideration of the social and economic issues. And I think it has to be-- If we really want to deal with this issue, we have to talk about and look at all the indices that are impacting on our community and approach it from that perspective. If we do that, we can begin to come up with some answers.

SENATOR CARDINALE: Would you think that if we created a program where low-interest loans, perhaps, were available to those owners-- Would that have an impact?

DR. ALLEN: That would have a definite impact. Not only low interest loans-- I think if you talk about emergency repairs-- I know in some states -- South Carolina -- they have an emergency repair where you can go in and help the families bring properties up to code. That's operated out of the state finance agency. I think there are some options out there that we can really look at to have a significant impact on our neighborhoods and on the residents.

SENATOR CARDINALE: One of the things that's in this bill, but we heard some negative comments on, was that if these privately owned places actually did a significant amount of repair and brought them up to code, they would get a certain tax abatement for a period of time instead of being tax punished by having the taxes go up. Do you think that that's a useful tool?

DR. ALLEN: Well, I think we have to look at that whole notion of tax abatement, especially at the financial challenges that many of the cities are running into. I think there are some other incentives that we can look at. If it's in the urban enterprise zone, we can provide some tax credits -- some other kinds of things. But when you start looking at tax abatement-- I mean, you can use that-- I think it's a good tool when you're trying to initiate a major development effort.

UNIDENTIFIED SPEAKER FROM AUDIENCE: Could you speak up?

DR. ALLEN: It's a good tool if you try to initiate a major development effort. But if you carry it too long, it will, at some point, begin to have a negative effect on the financial needs of the city. So you have to have, I think, a more balanced approach in that kind of thing.

SENATOR CARDINALE: Well, if the city actually takes over the property and has to do the work, itself, doesn't that usually cost more in the long-term than having the private owner restore their own property?

DR. ALLEN: Well, I mean, if it's just sitting there for years and not generating any taxes, no. But if you're able -- the city -- take it over, put it back on the tax roll, and, in the process, not only put the property back on the tax roll, but, in the creation of the development of that property, began to

employ folks and create some opportunities there-- So in the long run, it's better on that end.

SENATOR CARDINALE: You see, I happen to come from an area where we don't have this particular problem. Nobody's abandoning property in my district. Here or there, you find some place that's been boarded up, but that's a temporary situation. It gets done quickly. I'm aware that you have a different problem here. I'm trying to look for what is the difference. What creates the problem here, whereas we don't seem to have that problem in the district that I, particularly, represent.

It seems to me that there is an economic incentive where I am that works to the benefit of not having abandoned property. And that economic incentive seems, to me, to be produced by a couple of factors. One is that people feel safe when they live in my district -- although we have plenty of crime, don't misunderstand me -- but the perception is that people are safe. They're not going to have worry about going home or walking from the train to their home. They feel that it's safe to do that.

The second thing is that we don't have rent control. We haven't limited the amount of money that can be used by the owner in order to do this. Now, it occurs to me, because I've heard this from other people at other hearings over many, many years, that if you're going to get \$50 coming in, and you have to spend \$75 going out, you can't do that for a very long period of time. Two and two are always going to make four.

It seems to me that, in some of the discussions that we've heard here, we haven't been looking at that factor. Now, I do know, because we had many, many hearings, and we actually passed a law, that we got construction

of new multi-family housing after we exempted that housing from rent control. Before we exempted that housing from rent control, nobody wanted to build it, because as soon as it got built, it was under rent control, and then the economics worked the wrong way.

What would you think of a program that would take these 140 buildings -- and probably some of them are not multi-family, probably some of them are individual homes -- but, if they got rehabilitated up to code, they would be exempt from rent control for a certain period of time in order to enable the owner to recoup the cost?

DR. ALLEN: Well, I would have to look at-- I mean, I would have to look at the situation a little more thoroughly in terms of the market -- with the market, the supply of housing, the costs. I mean, there are a lot of factors that create an environment where you initiate rent control. Some of it, as New York has demonstrated in a lot of situations, is justified, whereas in other situations, it's carried too long, and it just creates the kind of situation that you're talking about. So I think you would have to really take a look at the housing supply, the market demands, and come up with what's the best balanced approach to do it. I don't think there's any one panacea around that. And I have had the opportunity to look at a lot of cities across the country around housing issues, about 16 states in particular.

SENATOR CARDINALE: So I take from your comment that you think it could be a valuable tool in some circumstances.

DR. ALLEN: Right.

SENATOR CARDINALE: Thank you.

SENATOR RICE: Let me try to respond to the Senator. I've been doing this for 20 years now, and I feel like I'm starting to become an old salt at it -- not expert, the military says *salt*--

First of all, when you talk about, is it cheaper, I've always cautioned government, let's not talk \$1 million is cheaper than \$2 million. If you do a true cost-benefit analysis, and that's what government doesn't do all too often, you'll find out that it's cheaper, often times, for municipalities and government agencies to take control and do what they have to do, because in a true cost-benefit analysis, it may cost you, maybe -- I just use any number -- \$50,000 to rehab the house on the private side, and it may cost \$75,000 on the government side-- It all depends. But the bottom line is that the \$50,000 is not real, primarily because if, in fact-- If we don't look at the social problems, the insurance cost and all those other ills out there -- the cost of sanitation, the cost of water, the cost of trying to deal with rodent problems, year after year after year, then it's not real.

We have to move immediately to resolve the problems. So we have to-- To some degree, it's subjective what the cost is. But by the same token, government used to go out for best price within reason and demand a lot more for that number. But the majority of the buildings, if you look at 1675, are residential structures. They're abandoned. People are gone. There are absentee landlords.

So that takes me to the next point, Senator, by you -- is, why do we think that people, with so much going on in our cities, are not coming back to put these properties together? It goes back to the same thing I mentioned earlier. These are the people who don't want to invest a dime to market their

property or to live there. They never intend to live there, in most cases. And therefore, they're looking for numbers beyond. I mean, when you start building a house in a city like Newark that can sell for \$400,000 in a controlled market -- then people are coming in, and they'll say, "Well, I want almost that much for the abandoned building." They're not going to receive it because the person that's purchasing the building, in most cases, is looking to reside there. The numbers do not work for them. If you're selling me an abandoned piece of property at too high of a cost, because you're looking for the windfall, by the time I put the construction cost, the rehab cost to it, it's too prohibited. So that's just one element, with a couple other elements, that's part of the problem.

On the other side of rent control, the State was very interested when I came down, because on the council in the City of Newark, I passed an ordinance. And I believe that ordinance is still in effect. If, in fact, we have abandoned property -- that if a person-- See, we're trying to bring developers in or induce people. We said that, "It's empty anyway. No one is living there. So if you fix the property up, you would be exempt from rent control for five years, but then you come under rent control." And the idea was, if you could not set market rates within that period of time, then you never intended to set market rates. And then we have the 6 percent increase, annually, with hardships, and stuff like that.

But when I came to Trenton, if you recall -- in fact, I got in a fight with Citizen Action on this. There was a bill to do this, but make it 30 years. I said no. I said, "I have an ordinance for five. Five is more than enough time." In fact, the Legislature was going to pass that bill, and then some folks

didn't listen to me -- I don't want to identify those outside special interests -- the Legislature was very serious about the 30. And we did the 30-year bill. And that bill was supposed to sunset at five. But in five years, if you remember, we came back and put it into law. So if you really check the Legislature, there is already that rent control provision there. So those of us in local government know that that tool exists. Unfortunately, that tool is not being utilized by some of the folks that still have done nothing.

So when you start looking at rent control legislation to assist these landlords, you start looking at some of the other tools that we have, including tax abatement, right now. We can give up to five years. That has to be changed, probably. And some of the things in place -- becomes very clear that these are folks that say, "Look, I don't want to borrow any money. I don't want to put any money out. I don't want to do anything. I just want someone to come in, because Camden's going to move now. And I know the best piece of residential property -- one family house in Camden may be \$50,000 or \$60,000, so I'm going to go in there right now with my building, mortgage free, and I'm going to get me \$75,000 with an empty building." And that's what they're waiting on. So it's becoming a pain. That's not all the scenarios, but, my point is, it applies.

Senate Bills 1675 and 1676 are, only, intended to be not a cure, but another tool to go with the tools that those of us like you and I, Senator, have already put in place. But, also, what's more important about these two bills is to give us an opportunity to communicate with these same folks, when we find them, and say, "Look, in the spirit of cooperation, here's the laundry list of things that can assist you in helping us and helping yourself. But if, in

fact, you're adamant about not doing that, and you don't care about anyone else around this structure, then we're going to do what we have to do in a very expeditious time frame, unlike the past."

I just wanted to share that with you.

Thank you very much, Dr. Allen, for coming out. You can leave that with staff here.

The next person that we're going to have speak is coming from an organization structure, and that's Mr. Patrick Morrissy from HANDS, that's not Hands Across New Jersey, that's HANDS.

PATRICK MORRISSY: Thank you, Senator.

I will be brief. I have provided you with -- the Committee with comments by Diane Sterner, Executive Director of the Housing and Community Development Network of New Jersey.

Is it on? (referring to PA microphone)

She could not be here because of a prior engagement with her board of directors. But her remarks-- She's submitted written remarks, and she, as you know, fully supports this legislation.

I'm the Director of HANDS, Inc. I'm the Co-Founder of the Housing and Community Development Network of New Jersey. I've worked for 16 years to combat the debilitating effect of abandoned properties on the neighborhoods of Orange and East Orange. We have created partnerships with State, county, and local governments; lending institutions; neighborhood organizations; and community leaders to develop the worst eyesores in three neighborhoods. This strategy of high-impact development for long-term sustainable change has restored 68 properties to the tax rolls, lifted property

values, and begun to reverse the tide of deterioration. But here's the point: that work has been way too difficult and taken way too long, and the legislative action is needed if we are really serious about saving at-risk neighborhoods.

Senator Cardinale makes an excellent point. He says the economic incentive in urban areas is not the same as the economic incentive in Demarest, Closter, Cresskill, Alpine, and there's no doubt about that. We need to address the issue in urban neighborhoods.

The issues addressed by this important piece of legislation are crystal clear. Abandoned properties are draining the life out of urban neighborhoods. We all know that. These dangerous eyesores attract criminal behavior, they drive down property values, and they rob neighbors of hope for the future. We know that, too.

Here's the critical item that Senate Bill No. 1675 addresses: Time is our enemy in the fight to reclaim vacant, problem properties. City officials who want to act quickly to return these properties to productive reuse have their hands tied by current law. And that's the long and short of it.

This bill, at long last, gives cities the tools they need to take quick action to place these problem properties in the hands of responsible owners who will rehabilitate them. It paves the way for a commonsense approach to neighborhood stabilization. And it says, "If your abandoned property is hurting the neighborhood, then either you rehabilitate it or we're going to put it in the hands of someone who will." It's just that simple.

Look, it's not easy to make sense of developing property in neighborhoods that have lots of disinvestment, lots of poverty, and lots of other factors working against the neighborhood. There's no doubt about it.

It's a tough job. It's not for amateurs, it's not for weekend speculators, it's not for somebody who thinks, "I'm going to make my living off of that property, and I'll never have to work again." It's not going to work, and it doesn't. I run into these owners all the time. They have property. A lot of them end up losing money. But in the meantime, while they're losing money on that property that's vacant, being vandalized, what's it doing? It's sucking the life out of the neighborhood, it's driving down surrounding property values, it's hurting them economically.

But it's more than that. If it was just them being hurt economically-- Look, you take your hits. It's tough out there, but that's the idea. It's risk and reward. The problem is, the risk is being shared by the entire neighborhood.

I would think that it doesn't matter, in some suburban locations, if a property sits for a while, because the heirs can't agree on what to do about it; because somebody bought it, and they haven't really worked out exactly how they're going to redevelop it. The property will get maintained, even though it's vacant. It probably won't attract criminal behavior. It probably won't have the aluminum siding ripped off and taken to the junk yard. But that's the reality in the neighborhoods where I work.

It's all a time question. It's a time question, and it's a question of putting in responsible redevelopers. I'm not saying that everybody who owns one of these properties has ill-will for the neighborhood. That's immaterial. That's not the point. They could be as well-meaning as possible. But if their actions are hurting the neighborhood, driving down their neighbor's property

value, and attracting criminal behavior, they've got to get out of the way and put a responsible owner in place.

I thank you for allowing me to comment on this bill. I did have the opportunity to comment, over the last two years, as it was being drafted. It's very important legislation. And, most importantly, what it does is, it shortens the time and increases the powers for moving these abandoned properties.

Thank you. (applause)

SENATOR RICE: Thank you.

I know that Senator Cardinale's going to have to leave shortly. I wanted to give him an opportunity to respond while I hear others.

But I need to make a couple of comments, because I'm trying to make sure that those of you who may not understand all of the elements of the legislation -- my colleagues who may not understand all the elements, which they don't have to live with on a daily basis within their community -- our society.

I want to put some things in perspective. I've always had the theory -- it's always been my feeling that crime breeds filth, filth breeds crime. You can't separate those two. But let me give you a scenario. You go into a community, particularly an urban setting, and there's one abandoned building. Let's just say that we're growing the community. Say there were a hundred abandoned buildings, and we have cleaned all the abandonment up to one. The problem we're having is that when a person comes onto that block and wants to purchase on that block, or invest on that block, they continue to look at that one building, and the question comes to mind: Is this neighborhood

coming, or is it going? They don't know. And so we can't allow that. So what's happening is that there are people that pass our communities, wherever we live, on a regular basis, that are potential residents and taxpayers that we never know about because they keep moving through.

If, in fact, in any community, including -- and there's a bias out there. And these are life realities. This is not a racial statement, it's a life reality. There are still folks who feel that, given the discipline of certain ethnic groups, the discipline of certain families -- and I'm not just talking black now. There are people who say there is white trash out there, and they come from a trailer park.

What happens is, even in a place like Mahwah or a place like Deal, New Jersey-- If, in fact, there's a change of an ethnic group or a location of a person that's coming from -- or a family is coming from-- If one person perceives something negative about that family member, they're out of there. So if you have a boarded up house, and someone else feels the neighborhood is going down, they're out.

So Deal is no longer Deal. The only reason Deal remained Deal, New Jersey, is because they're not going to be able to find someone to spend a million dollars or more to just snatch the property right away. But they may find someone with a million dollars that may not be of the same ethnic group, or culture, or what have you, so you have a changed community right there. And that changed community, given the person's culture and what they believe in, that's right or wrong in the subculture groups, in itself, may create problems for boarder communities. So we can't afford to let perceptions and time be our enemy. That's what happens.

So I wanted to, at least, share that with you and say you're right, on time. I like the statement that our biggest enemy is time with these abandoned buildings. I also want to thank you for being a member of the advisory group and sharing your experiences with us.

Senator, would you like to make any comments? Do you have any questions or comments?

SENATOR CARDINALE: No. I am going to be leaving you. I think I'll stay for one more witness, but I have another meeting, as you know -- I mentioned that to you -- that I have to attend. But I will-- I think this witness has been very useful to our discussion. (applause)

SENATOR RICE: The next person that's coming up is the Business Administrator for the Township of Irvington, that's Mitchell Silver. Mitch is also a consultant who has worked in other towns on these issues.

Right after Mitchell, will be coming Ms. Sandy Accomando, from the New Jersey Alliance for the Homeless in the City of Newark. You're next, Sandy.

MITCHELL SILVER: Good afternoon.

SENATOR RICE: Good afternoon.

MR. SILVER: The Mayor spoke earlier, but I just wanted to go over some specific details about the Township of Irvington. I'm glad to say the township adopted its first master plan in close to 25 years this April. And in putting that plan together, we had to do an analysis on the number of abandoned properties in our town. It's in excess of 400. We are 2.8 square miles. We have over 400 abandoned properties, which, if we can get them back on the tax rolls, would represent \$8 million to \$10 million to the

township. So, clearly, not only would it help stabilize many of the neighborhoods -- and those properties are mostly concentrated in the East and South Wards -- but it would also generate revenue, bring in residents, which has a spin-off effect, in terms of all our commercial areas. So, clearly, this legislation will enable this municipality to start moving properties forward.

There are some other issues dealing with those properties. Ninety-nine percent of those properties are privately owned. They're not owned by the township. And there's a perception by many of our residents that these properties, in some cases-- Because these landlords, in many cases, are absentee landlords, the township now has to become the stewards, because they're neglected.

We have a number of our departments -- and there are some of the department heads here to go into more detail. But we're called upon, on a regular basis, to address some of these problems. And if we're fortunate enough to place a lien on a property, we can get the money back. But in most cases, because of the urgency of the matter, we, in turn, have to charge the taxpayers to clean up that property, because that individual property owner is not being a proper steward.

So we're draining a lot of township resources. There are a number of quality-of-life issues. I'm sure you've heard all of the criminal activity, the blight, and all the other quality-of-life issues. Those abandoned properties affect people surrounding them. It's just the fact that people feel stuck. If they want to move, if they want to sell, these properties are really putting a choke hold on a lot of the people that live there.

As a consultant -- just to bring home another illustration about people who even want to fix up their property -- I did a lot of work in Philadelphia. And I was working with some people, and when we talked about fixing up their property, improving their homes, they said, "Wait a minute. We bought the property for about \$100,000. It's worth about \$60,000 now. How are we going to get a home equity loan to fix up our property? It's virtually impossible. And if I put the money in, will I ever see a return on my investment?" The answer is no. Therefore, they'll let the property continue to run down because, virtually, there's nothing we can do, and we can't afford to do anything. So there is a cycle that we have to stop.

However, if those abandoned properties surrounding people are acquired and fixed up, you will see that 60 start rising to 70 and 80, and now there will be an ability for those homeowners that want to remain to, now, fix up their property. So this bill, again, will give the municipality a number of tools to start to revitalize areas that are in need of revitalization.

And there are two properties, if you have time today, to take a look at. One is very close by, 999 Clinton Avenue. It's a property that we're receiving a number of complaints on. A lot of activity goes on there. That's nearby. I invite you take a look at it. If you're leaving, you can drive right by. And then there's 67 Hopkins, which the Mayor mentioned earlier today. They're just two examples of some of the properties that we try to put all of our town resources together to try to address.

The township has put together a task force of all the different departments, between police, and fire, and code enforcement, but still, this legislation would go a long way to either getting those property owners to fix

their properties, or having the township acquire those properties to either demolish or fix them up.

Again, those are some of the specific details. We do have other department heads to give you more details from their department's perspective. But again, we support this legislation, and we encourage you to move this forward as quickly as possible.

Thank you. (applause)

SENATOR RICE: Senator, any questions for Mr. Silver?

SENATOR CARDINALE: I hope you don't mind my beating this thing to death, but I have an administrator here, and you have facts that, perhaps, some elected officials don't really have a total handle on.

You have, I think you said, 400 boarded up buildings. They look like they're abandoned, but they're really in private ownership.

MR. SILVER: That's correct.

SENATOR CARDINALE: Are any of those multi-family?

MR. SILVER: Yes.

SENATOR CARDINALE: If someone wanted-- I assume you have rent control in Irvington.

MR. SILVER: We have -- yes.

SENATOR CARDINALE: If someone took one of those multi-family buildings and totally rehabilitated it, would they be able to be exempted from rent control under your present ordinances?

MR. SILVER: That's something I would have to get back to you on. I don't know that answer.

SENATOR CARDINALE: Okay, I would suggest that in some circumstances, and probably not in all of them, that if one rehabilitated those properties, the amount of money that would have to be invested would not make sense, in terms of the economic return that would be possible. And that's, probably, the principal reason that no one does it.

Now, in some circumstances, rent control or no rent control, that would still be the case, because there would be no one who would be willing to pay the rent that would warrant that investment.

But I'd also suggest that, in some instances -- and obviously this bill would be the only way that you could ameliorate those boarded up buildings -- and I can accept that, and I realize that. But I'd also like to suggest that, in some instances, the relief from an artificial limit on the income would, in fact, encourage people to rehabilitate the buildings. It works both ways. So I think you need both tools. You might take a look at that, in terms of some self-help, which the Senator, who was also a councilman, indicated he did -- something along those lines in his own hometown. That is a very positive step, although I would disagree that five years is enough time to allow for that kind of major rehabilitation cost to be recouped. I think it takes-- The reason we did the 30 years on the other one -- and I was the sponsor of that -- was because all of the studies showed us that it will take 30 years in order to give people the incentive to actually put their hard-earned dollars -- even when they're borrowing those hard-earned dollars -- into the rehabilitation of the property. But it would be a very positive thing for many portions of our state, where we see these abandoned buildings, if we could find more tools. I would

hope that the basic prejudice against what I'm talking about would be, at least, thought about by some people who are in some of those communities.

I thank you very much for being here and giving us your valuable testimony.

MR. SILVER: Thank you.

SENATOR RICE: Mitchell, and Senator-- Prior to the Senator leaving, let me just indicate that every tool we put in place for municipalities becomes a very valuable tool. You need to use it collectively. But I need to do some clarity.

First of all, friend, just for your information, in terms of Essex County here, the Mayor of the City of Newark, the Honorable Sharpe James, has already -- gave me permission to move forward on a relationship with the townships on our borders, Senator. I will be meeting with the Township of Irvington -- and his administrative staff -- because we want to see all the borderline problems, and what's causing them. This initiative is one of them. We think, by having that joint relationship, we'll get things done a lot.

In terms of Mitchell Silver, I think the township, when we put that joint piece together -- not only are we going to look at the quality of life issues impacting the community, we're going to be looking at ordinances. For example, when I was on the council, I remember doing a video ordinance that had pretty good teeth in Newark, but was slightly weak in East Orange. When we realized that, we met with them.

And so, looking at such an ordinance that we may have makes sense. The only clarification I wanted to make, so people don't get a misconception -- I noticed the press here, too -- on the rent control component,

we talk about abandoned buildings. That's number one. I think there was an apartment component in some other legislation. But the point is that, when I say a fair return on investment-- If I'm going to cost out any contractor that's going to cost out the cost of rehabilitation of a building, they know that cost, if they intend to start and proceed to completion -- beginning to end -- which means if that building is empty, and it means that my rent has to be \$500 to meet that cost, I should be able to put that in place right away. And that's what bothers me when they say they need more than five years. In fact, they can do it right away. But five years, to me, seemed to be a reasonable time, at least on those three to sixes, three to fours, etc., two to fours, because we know the cost of construction.

The question is, cost over time frame-- Use the index to cap what the cost is going to be, but we can predict, with almost certainty now, the cost of construction and rehabilitation. But I think, if it's empty-- And we've had people come to us -- including some Irvington people at one time -- and say, "Well, we don't think you should pass that." I said, "Look, I love special interest, but you're not going to tell us to harm our people. If the building is empty anyway, why are you fighting me on that?" And we wouldn't allow them to fight us, because most of the people fighting us are people who have been organized in town by outsiders in the first place. We have to make those decisions.

And I just want to, at least, say that to you. I do welcome your comments. Thank you, again, for coming in.

MR. SILVER: I know the Senator has to leave, and he doesn't have to stay for this portion, as long as it's on the record.

In terms of the rental portion, as we're looking towards redevelopment, we're looking more at two-family units, not multi-family, in all of our redevelopment areas. The general consensus of the community and the master plan is we're looking for twos. So the multi-family model, probably, will not be an issue here. And, therefore, I don't think the incentive of extending it for a longer period of time would work. Most developers, right now, that are doing business in the Township of Irvington understand the market, they understand the rent that those apartments can command. And, again, I do not believe that that will be an issue, nor would it necessitate having some type of abatement beyond those five years.

There is a market, I think, everyone's pretty familiar with here in Irvington, even if it's an area that's going to be redeveloped. But the master plan clearly states that we're looking more at twos and avoiding some of the three-families, because of the density of the township. We have locations that can attract more higher density that is affordable. But, again, in all areas that are being redeveloped, the cry we're hearing from people is home ownership, and some of those home ownership units may have an apartment for rent where they can offer affordable units. But, again, all of those going into that will probably be through developers or small developers. And I do not believe the issue that the Senator was talking about would be an issue here in this town, in terms of a longer abatement or waiving any rent guidelines in order to allow a developer to turn a profit or have more units developed.

SENATOR RICE: Thank you very much.

The next speaker is Sandy.

ASSEMBLYMAN STANLEY: Mr. Chairman, does Mr. Silver have written testimony? Is there any way he can provide just a synopsis of his testimony? Unfortunately, I was dealing with other issues. But I, certainly, was really waiting for your testimony.

MR. SILVER: Okay, yes I can.

SENATOR RICE: Just send it through the Chair, and you can send it directly to his office, because it's so close.

SANDY ACCOMANDO: My name is Sandy Accomando, and I'm the Chairperson of the New Jersey Alliance for the Homeless.

My blood pressure must be up pretty high, because I've been listening to some discussion about rent control when, in fact, New Jersey is the fourth most expensive place in which to rent an apartment. I also hear about rent control when the newest out-of-reach report says that a family in New Jersey must earn \$18.85 an hour, or \$39,000, to afford a two-bedroom apartment. We cannot afford rent control.

New Jersey is in the midst of a housing crisis. It's a housing crisis with regard to affordability. Over 300,000 families in New Jersey pay over 35 percent of their income for rent. Family shelters are full with more and more working people seeking shelter.

In the County of Essex, we have resorted back to using hotels to house homeless people. And for those of you who are not from this area, I will tell you that there are children being placed in the Hotel Riveria, which is the worst example of a stereotypical welfare hotel. Why? Because housing is completely unaffordable to people making minimum or just above minimum wage.

I'm speaking more today about the human toll these abandoned properties take. It is unconscionable that we have hundreds of vacant units distressed and abandoned while homeless shelters are bursting at the seams. If we can rehab these buildings with an eye to affordability, these bills could help to alleviate the housing and homeless crisis currently growing in our state.

It's unfortunate that Senator Cardinale wasn't here to hear those statistics, but I plan to send him those statistics in writing.

Thank you. (applause)

SENATOR RICE: Thank you very much.

Any questions, Assemblyman?

ASSEMBLYMAN STANLEY: I really want to thank you for making that point. As a matter of fact, Mayor Bowser-- Just yesterday, we were talking about six kids -- mother just passed, they have to find a place to stay. They need a three-bedroom apartment. And it is almost impossible to find anything that's affordable in this area, in this county -- either East Orange, or Irvington, or Newark. It's really an incredible situation.

We have these buildings that are sitting vacant, just as you said. And we could, in fact, be doing more to alleviate our housing crisis if we were able to, at least, put these buildings back into service because we, certainly, need this space. And I really appreciate you sharing that with us.

MS. ACCOMANDO: Thank you. And I think the most important part is we need to look at affordability. If we're going to put these properties back on the rolls, and they're going to be market and above with no rent control, we're defeating the purpose. And we will be creating a greater segment of homelessness. And I dare to say that at the rents that could be

asked, the buildings would be abandoned anyway, because nobody would rent them.

ASSEMBLYMAN STANLEY: Thank you very much. (applause)

SENATOR RICE: Let me say that the main thing is to get these things back on the tax rolls and make them occupiable, because, Sandy, many people who live in some of these other units, public housing, etc., can really live in some of these other buildings, even if the cost is a little higher, and make room for others. It's a trickle down effect people have to pay attention to.

And you're right, when it comes to cities like Newark, and Irvington, and East Orange, and the urbans, whatever we do is going to, in most cases, be affordable. I think what happens is that, too often, people pay attention to, more so, to the East Ward, which has a whole different economics than they do to inner city.

Inner city, unfortunately, causes pass based on the cost of construction. So when we talk about construction, we don't control, at this time, brick, mortar, labor, etc., to even get the job done. And that works into the numbers. That's why these other tools are available.

But we hear you loud and clearly, particularly when it comes to working class folks. We know that there's an income level -- above the income level they can pay; but there's also the income level that's below, the income level that they can never go beyond. And so it's a combination of those.

We have about nine or ten more speakers, and we'll try to move through this quickly. We're going back -- that was an organization -- we're going back to administration now. We have the new Director of Housing and

Code Enforcement -- that's what it really is -- in the Township of Irvington.
That's Prentiss E. Thompson.

Prentiss.

P R E N T I S S E . T H O M P S O N: Thank you, Senator Rice. I will be very brief.

I just want to highlight some issues concerning your bill. I feel that this bill is a necessity, it's on time. As a matter of fact, it should have been with us some time ago.

You've heard that Irvington is, roughly, 2.8 square miles. And in those square miles, we have in excess of 400 abandoned buildings, as we speak, in addition to those buildings that are near falling into that category of being abandoned that we have to work with.

The results of abandoned buildings-- We have a serious problem dealing with squatters, drug users. Just this past weekend, at 999 Clinton Avenue, we had to clean that entire back. In doing so, we also had to notify the police, because we found various stashes of drugs that were stashed there for sale and/or use.

These abandoned buildings are around the school areas. You have your grammar schools, where you have young children that must travel to and from -- going past these abandoned buildings-- And what they are seeing is something that they should not see, the use and sale of drugs. These buildings definitely create a hazard to their health and their well-being.

And I'm going to close by saying that. I said I'd be very brief. But the bill is needed, and what I'd like to invite you -- is that for you to get a clear picture of what we're talking about when we refer to abandoned buildings --

over 400-plus in a 2.8 square miles -- you need to visit these buildings. And I invite you, I will escort you -- for you to see this at night. It is unbelievable.

Thank you.

SENATOR RICE: Thank you, Prentiss.

For the record -- and for those up here on staff and Senator Cardinale's aide -- Prentiss knows what he's talking about, because he's formerly a member of the Essex County Prosecutor's Office. He's spent a lot of time out there on the streets. And so you know that the problem just gets compounded from a quality-of-life to a policing issue.

What we're going to do, Prentiss, also, as I told you, we're going to be putting the City of Newark code enforcement people with you. We're going to have a meeting, and we're going to attack a lot of these problems, because, often times, once we get past the hurdle of identifying the property, it's a matter of identifying the owner, and then it's a matter of straightening it up. But if, in fact, we take the opportunity on our borders to correct a condition in one city, right across the street a condition exists, so it just puts us back where we start.

So this legislation would give us the ability, as the municipality, but it will also bring us closer together in recognizing that one city can't move without the other if they're going to be successful. We'll be working together on those things.

Thank you very much.

MR. THOMPSON: Thank you.

SENATOR RICE: Our next speaker is coming from an organization structure. That's Richard Cammarieri, New Community Corporation.

Richard.

RICHARD CAMMARIERI: Thank you, Senator Rice, and good afternoon to the Committee. Thank you for having this hearing.

SENATOR RICE: The mike--

MR. CAMMARIERI: This one.

Good afternoon to the Committee. Thank you for the opportunity to express ourselves on these two bills. I also want to thank, although they're not here, Assemblywoman Watson Coleman and Senators Codey and Singer for being the prime sponsors.

I'm here wearing a couple of hats. One is that I work for New Community Corporation, which is one of the larger community development corporations, I guess, in the country. We have developed about 3000 units of affordable housing in Newark. And if these bills had been in place, it probably would have been a lot easier over the years. But that's one reason I would definitely support them.

But, also, there are-- New Community isn't the only community development corporation in Newark. There are a lot of others who are doing some very good things. And they could do a lot more. As an Executive Committee Member of the Newark Community Development Network, which is a network of CDCs throughout Newark, I think that this is something that will provide a real creative opportunity for a lot of local initiative, through

these community development corporations, to help stabilize their neighborhoods and improve properties.

Someone reminded me, Assemblyman Stanley, that if you're looking for affordable housing, the Donald Jackson organization -- someone's back there who would love to speak to you about that, since they have some units available just down the street.

Finally, I'm also a member of the Newark Board of Education -- actually Newark Advisory Board. And I'm very sensitive to the idea that our children, depending on the environment they grow up in, in terms of the situation of their properties, the quality of life in the neighborhoods -- this has an impact on both their interest and commitment to learning and improving themselves. And all of these factors just go into the mix, in terms of realizing that these two bills provide a very feasible, commonsense, and thoughtful approach to dealing with the issues of improving properties and stabilizing neighborhoods.

Now, I'm a life-long resident of Newark, and I've worked -- I've lived on blocks -- in fact, one just down the street -- South 12th Street -- where I've seen the impact of just one abandoned house, and the problem it can pose for families -- working class, middle income families -- in terms of maintaining a stable structure on their block. Obviously, one house can often lead to-- The biggest problem is drug situations, drug trade in that house, and things go downhill from there.

I've also worked with many residents in Newark in a variety of buildings where they have been the victims of functionally absent landlords who have, functionally, abandoned their buildings. In fact, while they would

occasionally patch up the need for repairs and problems, they would always collect the rent, either from the residents directly, or through HUD, through Section 8, what have you. Brook Towers (phonetic spelling) is a very good example of that right now, buildings that could be put in receivership either through the residents or through local CDCs.

This bill addresses all the issues that need to be addressed, in terms of that context. I think it should be thoroughly considered and given as much consideration and thought as possible by the Committee and by the entire Legislature.

I would like to say that there were a couple of comments made earlier. Senator Cardinale, who unfortunately left, seemed to want a one-size-fits-all answer to why people abandon property. Apparently, he had his own answer, which was the evil of rent control, although I would remind people that these problems occur in cities where there is no rent control. So rent control is not the boogeyman for this problem.

I would also state that, in Newark, we have rent control, but we do have vacancy decontrol, and we have a hardship appeal process that landlords can use, and do use, and are seldom rejected. So I would just caution Committee members and legislators to see rent control as some kind of a -- as related to this issue, because I don't think it is, in any real substantive way.

Finally, I would suggest that there was mention made of the homestead targeting area. I know there are only a few towns mentioned. And one suggestion I would make is, perhaps we could use Abbott districts as a template for eligibility for the homestead targeting, given the economic indicators that are related to the Abbott districts.

So with those comments, I want to thank you for your time. I can entertain any questions if you have them. If not, I appreciate your consideration.

SENATOR RICE: Thank you.

Let me indicate that the recommendation from the Chair, which was discussed in Jersey City yesterday with the advisory council, to the Chair -- this Chair of Community and Urban Affairs -- is that not only did we move it, but we did suggest that it be the Abbott districts. This way, we know we're taking 28 plus 2, in terms of competing. And that's going to be our recommendation and amendment coming from us. So I just want to let you know that.

Also, you're correct, there are many tools in place "under the auspices of rent control -- decontrol" that's been efficient. But it's not a one-size-fits-all. I think that Senator Cardinale's suggestion-- I know he's a firm believer in totally decontrol -- but I think his suggestion was to municipalities that may not even be taking advantage of such legislation -- that we lose the cities like Newark -- that at least they look at it, if they're not going to change anything-- And that makes sense. If it's in place, you've got to take advantage of it.

So with that, I just want to thank you.

Assemblyman, are you okay?

MR. CAMMARIERI: Let me just mention one other thing.

SENATOR RICE: Go ahead.

MR. CAMMARIERI: Again, I want to thank the Committee. These bills are particularly appropriate to hear now, because October is

Affordable Housing Month. And I would say that the Newark Community Development Network is having a reception on October 24 at city hall, to which we would invite everyone to hear more about us.

Thank you.

SENATOR RICE: Just for those -- before you leave -- my expectations as Chair, if I can get the cooperation of my Committee -- and they're reasonable, cooperative individuals, and I think they understand. We intend to have another hearing on October 21, in Jersey City. Then we intend to have our last hearing on the bill on October 28. On October 28, it should be, if the votes are there, voted out of Committee. October 31 is my intention to have it up on the -- bill on the board for the vote of the full Senate. And if, in fact, we're successful there -- and I think if we get the full floor, we will be successful with the votes -- then it will be over in the Assembly. In the meanwhile, we're trying to reach out and ask the Chair of the Assembly Committee, which addresses the same issue -- Assemblyman Jerry Green, from Plainfield, who is very much interested in these bills -- to try to expedite the movement of the Assembly bill.

In fact, I'm going to ask Assemblyman -- I didn't do this before, but I spoke to Jerry.

Assemblyman, you're probably co-sponsoring that bill, like we are doing over here. If you get a chance when you get back, could you reach out to Jerry on the Assembly side and ask him if he can move the bill?

ASSEMBLYMAN STANLEY: Absolutely.

SENATOR RICE: Tell him my time frame, and I'll try to reach out for him again.

ASSEMBLYMAN STANLEY: Very good.

SENATOR RICE: Our next speaker -- and then I see that Maurice Brown is here. I saw him come in earlier. And I know, initially, he wanted to be earlier, to welcome everybody to Verizon.

Why don't I do this? Why don't I just break for a moment? Our next speaker though -- we need to have a health-care perspective, so I'm going to ask our Director to come in, Ms. Sandra Harris, from the Township of Irvington, to be our next speaker.

While you're coming up to the table, Ms. Harris, Director, I'm going to ask Maurice to come over and say hello on behalf of Verizon.

Also, I believe Carl Ford is here, President of the Irvington Chamber of Commerce. We have a very active Chamber of Commerce here, particularly for a small municipality. And what we're doing is going to really enhance their business growth and create, hopefully, new business relationships.

And finally we have Lillian Johnson, North Ward District Leader from Irvington. And I just want to acknowledge that Assemblyman Craig Stanley is also the Chairman of the North Ward. So I just want you to know, he's a pretty tight guy. (laughter)

Go ahead, Maurice.

MAURICE J. BROWN: Thank you, Senator.

I want to welcome everyone on behalf of Verizon. It is our pleasure to really work with the community, and the Senator in this instance, and have a quorum, as such, as we have the public hearing today. We believe that Verizon needs to be part of the community. It is our responsibility, and

in such, opening up our buildings to a hearing like this would create that partnership.

So, again, we welcome you. We have food in the back, but I'm not going to take charge of the meeting and say, "Run up there and get the food." Whenever the hearing, or the Senator, or his aides, or staff say that it's okay, there is food. Please, we have plenty -- we have a whole lot now. And I don't want to be eating leftovers for the next week. So, please, help yourself. But, again, we are delighted to be here today and be your host. So welcome, and I appreciate all of you coming. Enjoy your meeting. (applause)

SENATOR RICE: Thank you, Maurice. I want to say publically, Maurice, I know that I beat up -- and we beat up on Verizon quite a bit, but I've never changed my carrier, so I'm entitled. (laughter)

Director Harris.

S A N D R A H A R R I S: Good afternoon.

I would like to say thank you to Verizon, too.

I would like to start by commending the sponsors and co-sponsors of this very important legislation. I'd also like to commend the work of community activists like Mr. Morrissy.

Abandoned properties serve as an invitation to illegal dumping, harborage for animals, habitation by squatters, an opportunity for vandalism by residents seeking to destroy properties by stealing copper pipes and other recyclables, habitation for drug dealers and prostitutes, and fire hazards.

Mothers of our community call our animal control officer up all the time, begging him to remove pit bulls and rottweilers, the urban drug of

choice -- the urban dog of choice, from neighboring, abandoned buildings, so that they can walk their children to school safely or let them play outside.

Dumping on properties, as you know, encourages further dumping and creates despondency and an ethos of irresponsibility in the community.

I ask you to think about another detriment that abandoned buildings represent. The majority of Irvington's housing stock was built before 1950. It is painted with lead-based paint. Older lead-based paints had a higher content of lead. Lead-based paint, in the 1940s, used for exterior use, had, perhaps, 40 to 50 percent lead content. Lead was put on buildings so that it would adhere to the wood. Lead-based paint is used to adhere to the substrate, to the wood, and therefore, you wouldn't have to paint the building as often as you would if you didn't put the lead in the paint.

As wood frame buildings age, that exterior paint flakes off, finds its way into urban soils. There are no landlords for abandoned buildings to ensure that any ground cover exists outside the house, let alone in the landscaping. All of us in this room like to live in neatly maintained -- in well-maintained homes with nice yards, flowers, something that our urban children never get to see.

Leaded urban soils are carried by the wind and, ultimately, into dwellings inhabited by our township's children. Household and leaded dust is made up of interior lead-based paint, which has flaked off from friction and impacted surfaces in the house, and exterior dust tracked in from the outside. It's carried during hand-to-mouth activity in our young children, and winds up ingested by a young child in townships like ours.

Abandoned buildings thus represent another risk to the health of the community. And the existence of deteriorated abandoned buildings represents long-term environmental damage. We need to rehab buildings to provide vinyl siding for the exterior and, of course, rehab the interiors of buildings so that we can provide safe occupancy for tenants and homeowners. An abandoned building is not subject to the benefits of code enforcement people.

I thank you for the opportunity to speak, and I commend -- as I said, I commend the sponsors of the bill, and I'll be happy to work in conjunction with you to support the bill throughout the state.

Thank you. (applause)

SENATOR RICE: Thank you, Director.

Any questions.

ASSEMBLYMAN STANLEY: I just want to ask-- I believe that-- I just want to know, what other things do you think we can add to the bill to, maybe, make it a better bill to help with the housing situation here in Irvington? That's basically it. What kinds of things-- Is there anything in the bill that you think we need to add, or other issues that we need to address?

MS. HARRIS: I can sit with it and get back to you at a later time. I would like to just make a general statement that the more incentives to develop property, the more incentives a buyer has, the easier it is to maintain his property.

In general, there should be more incentives to property ownership. And property ownership goes hand-in-hand with primary prevention, which is the best way to address lead poisoning, the way to safely renovate the dwelling

before the child gets sick, as opposed to once the child is sick. Then you have a multitude of problems on your hands. But I'll be happy to look at that and give you my feedback.

Thank you.

SENATOR RICE: Director, from a lay point of perspective -- I don't know if I've been in touch with you -- but I assured the Governor that we're going to move forward with some abatement opportunities. The Governor is very much concerned about lead abatement. The moneys that are coming in from the State is in various departments right now -- those dollars are based to go on for educational monitoring. And that's wonderful. But that's not resolving the real problem. We know that.

But, also, I'll be meeting with the persons in your town, and it may be you. I know it's you and someone else, because the Mayor sent me the names already, along with the other Essex County towns with the problem, because we're going to find out what you're doing about abatement, what we're doing, and try to lay some foundation to build a strong relationship. As quietly as it's kept, I managed to get another \$2 million in the budget, but it's on the healthcare side, to address abatement as a pilot in Essex County. But we want to look at that whole scenario. So we've been busy doing a lot of things, trying to get on track with the ills of our communities, hearings like this and other things, and the Governor only got sworn in in January. So it's taking time to catch up with all the initiatives, including the borderline things that Mayor James wants to do for the City of Newark with our border communities. So we'll be back in touch with you as it relates to lead abatement.

And there's lead abatement legislation that we moved by this Committee, with the support of my colleagues, both Republicans and Democrats, that is sitting over in Appropriations. It's a big dollar amount. Some folks have a problem with the dollar amounts, at least where I'm getting the funding from. I told them "Fine, I'll be a little patient, but not too patient, to find another source." We believe we may have identified some other potential sources, other funding, but I'm going to be very adamant. I said it from Day 1. It's my mission to get something moving on lead abatement, not lead monitoring, not lead education -- that's already there -- lead abatement.

What this legislation does is help us to resolve some of the lead abatement problem, because we know that if the place is already abandoned -- and we can move in there and just take that thing down and get it rehabbed, and it's done properly-- And there are, also, some dollars set aside for some of those things in different programs.

By the same token, we know, on the receivership side, that if, in fact, that problem is there, and the owner has a responsibility anyway-- From the receivership side, the idea is to get control and clean those buildings up and bring them to code.

So, as it relates directly to lead abatement, this bill -- and I'm glad you support it -- will help us to diminish whatever those numbers are. There will still be a substantial number of units out there that are occupied that we have to address from abatement--

So I want to thank you very much for coming in. I'll let you know that we're on the case, as quiet as we may be sometimes.

MS. HARRIS: Thank you.

SENATOR RICE: Our next speaker is-- Is it Murphy Wilson, or is it Wilson Murphy?

MURPHY WILSON: Murphy.

SENATOR RICE: Those are two last names now. She's from the Orange Community Problem Property Task Force. Do I have that right, Murphy?

MS. WILSON: Thank you very much, ladies and gentlemen, for the opportunity to speak on this, this morning. I encourage you to move forward with the abandoned property legislation. It's something that we need very desperately here in the State of New Jersey so that municipalities have the tools to deal with this issue.

I've done a tremendous amount of research over the last year and a half on this issue. Part of my research has been talking with municipalities across the country. And any place that has been successful, whatsoever, with this issue has had to increase the strength of their laws at the State level. I mean, from Syracuse, New York to Sacramento, California; Corpus Christi, Texas; Greenville, North Carolina -- all of these places have had to increase the strength of laws at the state level, so that municipalities have the ability to take possession or to expedite the process for taking possession of these properties.

I'm a little bugged that I don't have a chance to respond to Senator Cardinale about some of his issues, because I can tell you it's not a rent control issue in the city of Orange. I have gone up and down every street in the city of Orange, compiling a database of our abandoned properties. As I said before, we have about 170-some abandoned properties. And I can tell you that a third to a half of them are single-family dwellings. So it's not about

rent control, it's about home ownership, it's about time, as has been said before. The sooner that these properties can be resolved, the better for our neighborhoods, because it's an epidemic. If you have one abandoned property, it spoils the neighborhood. And in the time that it takes, which is a minimum of two years going through the process that we have available to us now-- In two years time, you can end up with two or three more on the same block, which-- It breeds like a disease through the city. And that's why we really need legislation that will help us expedite this process and let the municipalities take control, because otherwise, we're at the mercy -- and if we don't have those tools, then Trenton is, effectively, legislating us into being a ghetto. That's what's happening. And we can't have that.

We don't want to be a welfare city. We want to be able to put our properties back on the tax rolls and take care of our own, and have the pristine neighborhoods that other people have in richer townships. We're on the edge. We believe we can do this, but not if we don't stem the tide of abandoned properties.

I'll do whatever I need to. If you need for me to come down to Trenton and sit on the steps, or whatever, you just let me know. Thank you very much for the time. (applause)

SENATOR RICE: Thank you. Let me say to you that we always raise the question as to why should Springfield Avenue in Newark and Irvington look any different, or be any different -- there's no walls up -- than the Springfield Avenue, say, in Maplewood, Millburn, etc. Why should South Orange Avenue be any different? The issue is, why should Llewellyn Park be any different than the rest of Orange? I mean, people are spending a million

dollars to live in Llewellyn Park up in Orange, and Seven Oaks, etc., but yet, like you say, we're going out to other communities, and you think it's a different community -- it's one city. And the cost of real estate may be different, but when you're talking about tree-lined streets with grass and nice aesthetics on houses, that's always been the cities, as we grew up. And this legislation intends to help the mayors get it back there. So you hang in there.

My question to you is, the Orange Community Problem Property Task Force -- that's a community-based organization, just like an association of homeowners -- residential?

MS. WILSON: Correct.

SENATOR RICE: Okay, good. So we're hearing the residents -- we're hearing the citizens' and residents' side.

MS. WILSON: Correct, I mean we have these properties, even in the tree-lined street neighborhoods.

SENATOR RICE: The next speaker is the Fire Chief -- well, he's Fire Chiefs' Association, too, but he's also one of our fire chiefs, Don Huber, from the Township of Irvington.

Don, you're representing both today?

CHIEF DONALD M. HUBER: Yes, sir. Thank you, Senator.

These are some very tough acts to follow this morning.

I'd like to begin by saying I agree with almost everything you said today, Senator, except the part about, at times, you're very quiet. You lost me there. (laughter) I guess we have to disagree about some things, or this wouldn't be interesting.

Let me join the other speakers in saying thank you to you, Senator Rice, your colleagues, respective staff members, and, certainly, my good friend Assemblyman Craig Stanley, for coming out today. I know you all have busy schedules.

I'll try to be brief. As you've correctly indicated, I do wear two hats: one as the Legislative and Regulatory Affairs Officer for the New Jersey State Career Fire Chiefs' Association, as well as the Chief and Director of the Irvington Fire Department. My Mayor, the Honorable Wayne Smith, was kind enough to let me say a few words and take part in this conversation.

Quite honestly, I question if I can say anything better or as well -- that's already been said, but I'd like to humbly add my voice and, possibly, throw in a perspective that hasn't been, yet, mentioned.

Let me begin, if I may, very quickly -- a brief letter from the Career Fire Chiefs' Association to you, Senator. And if I may read it--

“Dear Senator Rice, I am writing on behalf of the New Jersey Career Fire Chiefs' Association in support of two most important legislative proposals, those being S-1675 and S-1676. As you are aware, these are well-founded legislative measures, which would respectively provide our local governments with needed mechanisms to simplify the process of turning distressed properties over to responsible receivers, as well as to provide a variety of essential tools to accelerate the process of returning abandoned properties to constructive use.

We appreciate your leadership role in support and sponsorship of these vital initiatives and look forward to working with your office and other concerned parties for the enactment of same.”

And it's signed by this speaker, Donald M. Huber; cc'd a number of people, including other fire service organizations; William Dressel of the League of Municipalities; Larry Petrillo, the Division of Fire Safety. Unfortunately, I did not cc Senator Cardinale.

I'd just like to say, on a very quick side note, I appreciate that he was here. I'm sorry that he did have to leave. I think the Senator's a very well-intended, intelligent, good legislator, but, with all due respect, as he himself indicated, doesn't have this issue prominently in his district. And perhaps that may be why he lacks the perception that you and Assemblyman Stanley and the other legislators that have this issue in your districts-- I think it's very important, though, that we heard his statements, because it makes us aware of a very important issue, which is what I'll talk about in closing very briefly -- the idea that we have a mission here to educate those legislators that don't understand this problem and are being sidetracked by other issues, trying to fit square pegs into round holes.

Let me just say, briefly, that I've been a firefighter in Irvington for over 20 years, as you know. I've spent my boyhood in Irvington. My parents and my grandparents lived and died in Irvington. And I have seen the decline that has occurred over a number of years. Rather than speculate as to why all this occurred, the reality is, we are at a point, a very critical point, with the vacant buildings.

In the last several days, we've had five working fires in Irvington. Those are major fires, not the little fires. Of those five, three were vacant buildings. A little earlier -- and I turned my radio down not to disturb this event, we had another vacant building fire on 17th Avenue. So my point is,

and it's been said before, I think, very appropriately, time is our enemy for a lot of reasons. It's also our enemy because, as a firefighter, I can tell you that when we respond to these fires -- and many of our working fires -- at least half -- perhaps more than half -- are vacant buildings. They're exposing occupied buildings. You know very well that in our communities, most of our buildings are very close, maybe three, five, ten feet apart. So every time one of these vacant buildings catches on fire, and it happens relatively often, we're not only threatening the structural stability of that building, because it may get demolished anyway, but we're threatening the occupied structures and the people that are in those structures. So what may be one vacant building can very quickly become three vacant buildings. So it is a race against time. We need this legislation, and we need it very badly.

That really brings me to my final point. I don't think we're going to have a struggle convincing legislators in districts that have this dilemma, or elected officials, appointed officials, or citizens. I see this as a mission to convince the other legislators who may not be very familiar with this issue or how to deal with it -- and may have their own way of dealing with things in their own legislative districts that aren't going to work in ours. So I would encourage you, and certainly offer my services and the services of the Career Fire Chiefs, to bring back the message to Trenton, to not only the Senate, but the Assembly, to those legislators that certainly want to be helpful but may not understand the depth of this problem. We need to make them understand that, even though this is not in their backyard, physically, in a very real sense it's in all of our backyards. If the cities fail, if the cities have these problems

and can't recover from these problems, the entire state is going to suffer from that.

And I think if the other legislators understand that, they'll know that this is not special interest legislation, this is legislation that is not only important to New Jersey, but it's necessary for New Jersey.

Again, I want to say, in closing, that I stand by your office to assist you in any way I can, and I appreciate this initiative, on behalf of all the citizens of our good state.

Thank you very much. (applause)

SENATOR RICE: Okay, Don, we thank you, too. One thing you can do to assist us -- we're certainly, through staff, will be getting information out to them. There will be a hearing on the 21st over in Jersey City. We want to make sure that those local fire departments come out to, maybe, testify. Also, on the 28th, there will be a hearing in Trenton. Hopefully you or some of your members can come down to testify before the full Committee -- the bipartisan Committee.

Let me just say that Senator Gerald Cardinale and I have been working together for -- and my tenure's been almost 20. I've been 20 years there. I believe I was in the Senate before he came over there. I think he came out of the Assembly. But the point is, we have disagreed on many, many things, and we have different philosophies, because we represent different constituency bases, but I was happy to see him here. It's the not the first time he's participated in hearings with me throughout the state. It's primarily because, often times, he wants to know. And if we can educate him enough, he's the type of person that would compromise something he may believe in,

or heard from someone else, for what is right. I think, just watching him leave today and the questions he raised, kind of, indicates to me that he wants to help, through this legislation. And I did not see him as a barrier, just from when he left, as a barrier to this legislation. I seen him trying to encourage people to look at other tools, not tools added to this legislation, but tools that are already in place, and maybe some other tool that he wants considered. So I think we're going to be okay, coming through Committee, but we need to encourage those who are speaking to try and track and follow some of the other committees.

Once again, thank you very much.

Assemblyman, do you have any questions?

ASSEMBLYMAN STANLEY: Yes.

CHIEF HUBER: I hope these are multiple choice. (laughter)

ASSEMBLYMAN STANLEY: I really just want to thank Don Huber. He's been in the Irvington fire system for a long time. He's always been outspoken, particularly outspoken on this particular issue of abandoned buildings. He's been fighting it a long time. I'm glad to see that this Committee and you, Senator, have taken some leadership on this issue.

I just want to speak to the issue that he raised, in terms of it not just being an urban problem. And I'm sure -- maybe you can even bear this out, Director Huber--

Fifteen or twenty years ago, we didn't see these types of abandoned buildings. We didn't see these abandoned buildings in Irvington. But we may have had them in Newark. And I think that Maplewood, South Orange ought to be very sensitive to that. I think West Orange and those in

Livingston ought to be very sensitive to the fact that this is not -- this is a problem that may not be in your backyard -- or it may be in your backyard, right now -- but it doesn't take long for it to hop across a border. And I don't know if you can add anything to that. But what I would like to see is-- And I'm glad that the Chiefs have issued support for this legislation. And they can help us, in terms of making sure that their legislators, their Assembly people, their Senators, and their mayors are aware of this and come full-speed on board with this legislation, because it may not impact them right this second, but as people who have an investment in a town, you've got to look at the long-term picture. And the long-term picture is, if we don't do anything to address this in Irvington, and East Orange, and Orange now, were looking at issues in Livingston, West Orange, Bloomfield, Belleville, South Orange, Maplewood, in the next 10 years.

CHIEF HUBER: Just very briefly, you're absolutely right. This is not a situation that occurred overnight by any means. But I think the metaphor that it's a disease is a very appropriate one, and it's a contagious disease. It makes no distinctions with respect to municipal borders. But like many diseases, only the people that have the disease seem to be concerned by it, and it becomes their purpose, sometimes, to let others that have not yet been afflicted -- that this could come their way if we don't deal with it now. And I think that's really the situation we're in. And I am very sincere about supporting all of your efforts any way we can -- the fire service. And I believe the police officers in law enforcement feel the same way.

I agree, Senator, with your observations about Senator Cardinale, and I look forward to seeing you all in Trenton and Jersey City.

Thank you. (applause)

SENATOR RICE: Let me encourage everyone who's sitting up front, and have them turn around and look at the back. There's food back there, and there are some folks eating. Just get up and go back there and help yourselves, because you can eat in here, too. I know that. So don't just sit there, take advantage of it, because we want to thank Verizon for hosting us. We don't want them to think that we weren't hungry.

All right, the next speaker -- we have about seven speakers before we terminate the -- before the list is terminated -- is going to be a Mr. Wayne Bradley, who is the Director -- Acting Director of the Department of Public Works for the Township of Irvington. And while he's coming up, let me welcome you back home, Wayne. I thought we'd never see you here.

WAYNE BRADLEY: I'm happy to be here.

SENATOR RICE: If they listened to me eight or ten years ago, I may not have some of these problems. (laughter)

MR. BRADLEY: That is all right.

Thank you very much, Mr. Chairman. Thank you all for really being here. Assemblyman Craig Stanley's sister is a good friend of mine, so I come to Irvington, honestly. I was also a resident of Irvington for some time. Coming back and looking at what's been going on in this city is amazing. We've got, in my opinion, a severe crisis. That's why you're here today, that's why we're mobilized.

Let me share something with you. I think that, Senator, I'm really happy to be here to represent this point of view, that is the Department of Public Works'. I've always said that in this kind of an issue, where we're

dealing with private property owners, we're a silent partner, but we're a front-line operator. And long before this really got the real attention it's getting today, we were dealing with residents who were complaining about properties all along and finding ourselves a little strapped down and hamstrung to respond, because of some tremendous issues that concern public operations on private properties. This is the United States of America, and private property is a primary legal right. And so it's very difficult for us to respond. After my little remarks, I'd like to recommend some things that you might consider in this particular bill.

The point is, we have to be mobilized. The point of view that I represent is, in fact, that operator point of view. We've been out there on these private properties, we've been trying as best as we can to respond to this. And what that translates to, of course, as you realize, is that it's an impact on our budget. Now, we don't sit with our budgets and plan to have dollars set aside for abating private properties. That's a difficult thing to convince to a city council who is already strapped with dollars -- to say, "We need a bucket of money on this side just to respond to some of these emergencies" -- because their first response, and they're correct, is that there are a lot of public properties out here, as well, that are getting subjected to illegal dumping and squatters, and they want to make sure that we're good neighbors, ourselves, to those private owners. We get calls in about our public properties. We've got to respond, and we've got to do it well. And so it's very difficult to bring that up as a major budget issue.

I've got war stories galore, and I'm not going to feed you here tonight with them, but I will tell you, if you do get a chance when you break

up, please-- You heard about 999 Clinton Ave. There's tons of properties around the city that I've been keeping an eye on. It is merciless.

The Mayor, in his wisdom, asked all of the department heads to convene as a task force, because it isn't just a problem for housing services, it isn't just a problem for fire, it isn't just a problem for our police department. It's a problem for public works, for health, and for our attorney. We need a good, strong corps of people addressing this problem and making a dent in it. We're talking about emergency actions that we're ill-equipped to deal with today.

Your bill, Senator, I think, makes a lot of sense, because it has the short-term to long-term solutions that we're looking at: getting responsible owners to take responsibility for their properties, and being good neighbors and good residents. But there is still that point of getting from here to there. And, as I speak today, we are actually addressing these problems with public dollars, when we shouldn't be.

Just to categorize what I mean by war stories, we've talked a lot about the fact that some of these private properties present problems for owners and residents. I've got crews dodging gang wars and gang bullets out there. I've got crews dodging rat bites. I've got crews walking into poisonous vegetation to try to address some of these problems. I've got crews that are in such dangerous conditions that are just unreal to believe. And this is a response, and your bill is a good response, to this, because what that tends to do is make good neighbors out of people who are going to own our properties in a private capacity.

Let me sum up and just say that this perspective, the Department of Public Works' perspective, is one that cannot be missed. My hat's off to you. If I stood here, there would be a corps of public works' folks saying the same thing. We're out there already. We're on that front line. Give us some support. Your bill might help us out a little bit.

One of the key areas is funding and resources. Revitalization crews are needed. And that money has to come into the city. And we've got to put people in place to go around and be charged with a specific responsibility to address those properties. What I'd like to do is take those crews on an emergency basis -- clean them up, and I'd like to fence them and put boards on them -- and charge the heck out of those owners, as part of our lien structure and our foreclosure structure, and say, "Not only did we just clean you, we're maintaining you, and you're going to pay the bill for that." Later on, we can address the issue of when that property converts to a private owner who is going to be responsible. We can waive fees, or whatever, to make that accountable. But we've got to strike, and strike with some degree of coordination.

We also, probably, need some support. Maybe we can think about allowing revitalization to go above the cap in our municipal budgets. This way, I can make a case for our council and our mayor to say, "This is not part of the cap. This is such an urgent issue that we're going to fund this, and fund this properly." Maybe it's not this bill, maybe it's another bill. I would certainly think that's a recommendation you might want to be able to do.

And then finally, because it's such a legal -- some legal implications, in terms of our private properties-- We send a backhoe onto a

private property, and we bump a house, that's a liability for the city. We certainly don't need to be generating a lot of costs while we're trying to remove some severe eyesores. And perhaps there's some ability to think about addressing some of that legal exposure, liability exposure.

Remember, we're going after people that are, really, a cancer. I think Director Huber mentioned it as a disease. It's a cancer on our society. And I represent not only the Department of Public Works, but I'm a practicing planner in the State of New Jersey. And those cancers have to be addressed in a comprehensive way. We can't do that if we are hindered by our own legal and liability exposure. Maybe putting some really sharp minds together on this issue, we can come up with something.

Let me stop now, because I know folks are hungry, and I don't want to come between people and their lunch. But thank you very much for this opportunity to share this with the Committee.

SENATOR RICE: Okay, Director, I'm going to state to you, also, that -- and we have talked about this-- Mayor James has already directed you to go forward, to work. We have a meeting set up for October 24. That will be our first meeting. I really wish that some of the points that you made are issues for additional legislation. But I think they're issues that need to get to me right away. If you can get those things to me, prior to our October 24 meeting, we will start to look at them and get legislation, forthwith. But the meeting may -- when you raise them at the meeting, and start to work with our city, and we'll work with Bowser's city, etc., they may be able to add to that, or whatever. We want to go in right. And I will work with Assemblyman Stanley from our district, once we have that meeting. If we're going to

structure legislation, then he and I will get together on this and see how that's done.

Thank you very much. (applause)

Assemblyman.

ASSEMBLYMAN STANLEY: I talked to Laura today. I will make sure I send your regards to her.

MR. BRADLEY: That's right, keeping me honest. (laughter)

Thank you.

SENATOR RICE: I also want to commend Mayor Smith, because he did the one thing that was sorely needed in this town. We talk about legislation, but legislation is no good to those of us in municipalities unless you have the right people running government. It's not always money, sometimes, it's the minds. Certainly, Wayne is a great example of that -- Wayne Bradley -- and the people that Wayne Smith has brought on. I feel good about my township and my district of Irvington.

There's hope, Assemblyman Stanley, hang in there.

ASSEMBLYMAN STANLEY: I think we had a good choice. We had good choices this last time around.

SENATOR RICE: Next, I want to bring up a mental health perspective. I know that there's one of the mental health organizations here. Prospect House is here. Can you wave and say hello? All right, Prospect. All right. I hope you're eating back there now.

We're bringing up Cathy Chin from the Mental Health Association.

C A T H Y C H I N: Can everybody hear me? (affirmative response)

Good afternoon, Co-Chairperson Rice, Assemblyman Stanley, and staff members. My name is Cathy Chin. I am the Legislative Advocate for the Mental Health Association in New Jersey. We're a statewide advocacy organization whose goal is to promote mental health and defeat mental illness. I'd like to thank you for this opportunity to speak on an issue that is very important to consumers of mental health services here in the state. And I'd like to thank Senators Codey and Singer for a piece of legislation which will expand the housing stock, affordable housing stock, here in New Jersey.

I will just take a moment to thank the people from Prospect House out of Essex County MHA for coming and sitting through this here at the testimony. These are the people who are affected by this legislation. So I want to thank them for coming. (applause)

Thank you.

Be that as it may, the Mental Health Association in New Jersey is in full support of S-1676 and S-1675. As advocates for people with mental illness and for those dealing with the disease, housing is mental health care.

Because of the economic circumstances of a number of New Jersey's mental health consumers -- consumers on SSI, who have not secured Section 8 housing; consumers who are in the General Assistance population; consumers in Work First New Jersey, where we're finding that anywhere from one-quarter to one-third of the people in Work First have mental illness; and consumers who are actively in their recovery and earning low incomes -- these consumers have no other option but to live in distressed -- or some of them have no other option but to live in distressed, or at-risk properties, or in neighborhoods with deteriorated or abandoned properties.

Now, people with mental illness who live in unstable environments and poor housing conditions have increased emergency room visits, increased symptoms of schizophrenia and depression, and increased inpatient hospitalizations.

The precarious housing situation of parents and their families on welfare may well contribute to their poor mental health and the overrepresentation of mental health issues in the welfare population. What we're seeing now is depression rates of 25 to 35 percent, as compared to the general population, where it's about 13 percent; generalized anxiety disorder -- 7 to 10 percent, as compared to the general population where it's 3 percent, etc.

The Mental Health Association in New Jersey views the lack of decent and affordable housing as one of the most serious problems facing mental health consumers. Housing for consumers is, among other things, a preventative and cost-effective measure. With unemployment rising and welfare time limits kicking in, the signs of distress are becoming more visible.

What has been lacking is Federal commitment to address this problem, admittedly. Amidst this leadership void, we call upon the New Jersey Legislature, as it has so often done in the past, to ambitiously be at the forefront for enacting legislation which will diminish the swelling ranks of inappropriately housed citizens of New Jersey, by enacting one of the most comprehensive strategies for preserving affordable housing and revitalizing distressed neighborhoods in the country.

I would like to thank you for the occasion to provide testimony. Thank you very much. (applause)

SENATOR RICE: Thank you very much from that perspective.

Let me indicate, for the record -- and this is something I will be raising with my colleagues who may not pay attention to it -- Senator Cardinale and others -- and I know that his staffer is still here -- his aide--

One of the things I want to raise is that within our community, people don't understand that -- and I'm going back to my college days now, when we did the hypothesis, and we had to put these things together, be proved or disproven. I don't have the statistics, but common sense tells me there's a difference in the attitudes of young people and their mind-set -- they have to walk to school every day passed abandoned buildings and vacant lots, and a bunch of knuckleheads selling drugs out there. I don't even need to research that. I know that's the difference, because I see that difference, coming to adulthood. One of the things I've always said is -- they say, "Well, you drive through these cities. We know, we see those grown people throwing stuff on the ground." I say, "Yes. And we tell them, you cannot do that." We want the city to be the way it used to be. But, not thinking, some of us remember -- depending on the generation -- what the city used to look like. But a person that's about 34 years old, today, is an adult, and we say, "We'd like you to make the city the way it used to be." If you go back in 1967 -- was the 1967 riots. If you look at these towns, the person is 33, 34, 32, all they've known -- all they know, or have known, if they've never left their immediate environment, is vacant lots and dirty people throwing stuff down. So now we've got our younger generation who doesn't really know what grass looks like; what it is to pick up paper; what a clean, healthy environment looks like. I can take these same youngsters that people are criticizing -- take them from birth, and raise them in Mahwah, someplace up there -- Deal, New Jersey -- I

don't even have to go that far. I'll raise them in South Orange and Maplewood and some of the Union County municipalities, and you'll have a whole different mind-set in youngsters. I don't think people understand the trickle-down impact on it. And that's why I say, when you really look at this from a dollars and cents perspective -- from a legislative perspective -- we will come out with one concept or one notion. If you really look at it as a cost-benefit analysis, from that point of view, you'll come out with a different result. And you'll find that sometimes more is cheaper than less in the true cost-benefit analysis.

I want to thank you for testifying, and thank Prospect House for coming down.

We're moving to Joseph W. Delaney from the First Occupational Center of New Jersey.

JOSEPH W. DELANEY: Thank you, Senator. Good afternoon.

I appreciate the opportunity to be able to testify before you. My name is Joe Delaney. I work for the First Occupational Center of New Jersey. Our main office is in Orange. We were founded in 1954, and we are the largest vocational rehabilitation and job placement agency in the state. And we have recently begun to work, now, in deteriorating -- renovating deteriorating housing stock in Orange, and East Orange, and Irvington. And we support, wholeheartedly support, Senate Bill 1675 and 1676, and it's a pleasure to be here today to give you that support.

I'll be very brief. As we move forward in our mission to renovate deteriorating housing stock, and we will be successful, something to keep in mind as we achieve this success is, everybody wins. The municipality wins,

because they have a new ratable on their tax rolls. The new home buyer wins, they have a newly renovated house. In the case of the First Occupational Center, we have a building trades program for disadvantaged youth. They win, because they learn building trades as they're being supervised in renovating housing. And, obviously, the residents of the neighborhood where housing is being renovated wins. So everybody is a winner. We will be successful as we move forward with this mission.

I appreciate the opportunity to testify. Thank you. (applause)

SENATOR RICE: Thank you, any questions, Assemblyman? (no response)

Thank you very much.

Next we have Joann Atkinson, from La Casa de Don Pedro, 317 Roseville Avenue, in the city of Newark. That is the great city of Newark, right? We have some Newarks in other states, too.

JOANN ATKINSON: No, it's the great city of Newark, New Jersey.

Good afternoon, Senate Committee, audience. I'd like to take this time to thank you for the opportunity to support both of these very much-needed bills.

La Casa de Don Pedro is now in its 30th year. And our goal for one of our divisions is to build and rehab housing for new ownership for low and moderate income homeowners.

These bills are very necessary, particularly the one about abandoned houses. Over the past two years, I have researched dozens of abandoned properties in the city of Newark to try to purchase them. I cannot find the homeowners -- can't do anything, we're stuck. And we have the

resources, the will, and the ability to have done so much in the city of Newark in the past two years, if we could have gotten possession of these homes.

We just want to, again, give you our support. If there's anything we can do, please let us know. Thank you.

SENATOR RICE: Thank you very much.

Any questions from the Assemblyman? (no response)

Okay, thank you very much.

While the next person is coming up -- and that's Hal Hamilton from LISC, Trenton. I didn't realize Hal traveled so far.

I'm sorry, Hal. I didn't realize you were stuck under-- I'll have to tell Joyce to, kind of, increase your salary there. (laughter)

I want to acknowledge, to all that were here -- and I should have done this earlier -- she's like part of the family to us up here, so I keep forgetting. But we do have Dawn Dantzler here, from the Department of Community Affairs. I want you to know that the Commissioner, Susan Bass Levin, is very much a concerned interest in this legislation, and very much concerned and interested in what we can do in our communities throughout the state.

Her problem would be budget, and our problem is to address that from outside. And I think any concepts that we can come up with to assist her in putting together good legislation, she's interested in it. Her job is to make sure that communities become whole once again.

Dawn, thanks for coming up and representing the Commissioner, and also making sure that we're going to take care of your home. (laughter)

HAL T. HAMILTON: Good afternoon, and thank you for allowing me this opportunity to present to the Committee.

My name is Hal Hamilton. I am a Program Officer with Local Initiatives Support Corporation. We support, financially, CDCs, local non-profit organizations, in 14 Abbott districts -- cities across New Jersey -- assisting them in building affordable housing units and day care centers.

It's going to be brief. I'm pleased to be here today to support the New Jersey Multifamily Housing Preservation and Receivership Act, and the Abandoned Properties Rehabilitation Act.

LISC was created in 1979 to support the extraordinary potential of community development corporations, CDCs, to transform distressed neighborhoods like Irvington and Newark, and the other Abbott districts, into healthy and vital communities. LISC is an intermediary that pools financial and technical resources from corporations, foundations, individual investors, and government to deliver capital and technical assistance to CDCs and their communities. We operate in 40 states across the United States.

We launched our New Jersey Multi-City Program in 1997. LISC is currently working with CDCs and the respective municipalities -- and most recently here in Irvington -- to bring new housing units to distressed neighborhoods in New Jersey. And by new housing units, we also mean reclaiming abandoned units.

In many of New Jersey's UEZ and UCC cities, there are capable CDCs that are able to renovate, and put back on the rent rolls and tax rolls, abandoned properties.

Passing these two key pieces of legislation would allow CDCs in Irvington, Plainfield, Elizabeth, Newark, Paterson, Asbury Park, Millville, and a slew of other cities across New Jersey, the opportunity to remove blight and give the people of those cities decent, well-maintained, affordable -- and we stress affordable -- housing.

I urge you to make certain that the Multifamily Housing Preservation and Receivership Act and the Abandoned Properties Rehabilitation Act is passed. Keep New Jersey's distressed cities moving onward and upward and on the path of revitalization.

Thank you. I will give you a copy of our most recent newsletter and a copy of my testimony for the record.

Thank you.

SENATOR RICE: Any questions, Assemblyman? (no response)

Thank you, and, also, thank your leadership at LISC for the job they're doing and for the time they're giving to us. (indiscernible) Advisory Committee, too.

All right, we have two-- We're going to get it from a legal perspective now. Essex-Newark Legal Services, César E. Torres.

How are you doing?

CÉSAR E. TORRES, ESQ.: Good afternoon. Thank you so much for facilitating this hearing and inviting our office to participate. Assemblyman Stanley and all the staff--

Essex-Newark Legal Services is the-- As many other social service agencies, even though our services are legal, we face the brunt of the severe shortage of affordable housing that exists in Essex County, and we see it day

in and day out as the families come to us on the verge of homelessness or actually homeless, because they cannot afford apartments, because rents are far beyond their means. A single mother working full-time, 40 hours a week, is, at the end of the year, below the poverty line and is earning, roughly, \$1000 -- less than \$1000 a month, from which she is supposed to be able to -- or he might have to -- pay rents that are, on average, \$900 for a two-bedroom apartment. And that's the general situation.

We've been talking a great deal about communities, and these will help communities -- the individuals that are affected -- the individuals that are living in these communities are poor, working families, families on fixed incomes. And we are here to support this legislation.

I realize there are two bills, and 1675, which is the Abandoned Properties Act, has received most of the attention, and rightly so-- At the same time, most of my comments are directed towards 1676, which is the receivership bill.

Before a property becomes abandoned, it is wholly occupied, and then maybe there's some vacancies, and then some more vacancies. And before you know it, it's now a vacant and abandoned property. And the ability to intervene and stop the problem at the earliest possible stage is going to do a number of things. Among other things, it's going to ensure that there are more available housing units for families who are now doubled up, tripled up, or in shelters, on the one hand. And on the second hand, it's going to create a situation where it is much easier to rehab and repair a unit that may need \$3000 or \$4000 of work, if that much, than to have to deal with an abandoned

building where, now, you're going to have to put in \$25,000, and maybe \$30,000 or more per unit.

In addressing some of the issues about cost, and cost in urban areas, being able to pay \$3000 to fix a unit versus \$30,000 once it's been abandoned and has to be brought up from scratch or, maybe, rebuilt, goes a long way towards ensuring that the supply of affordable housing, which has been severely stressed in the last decades, that that supply is maintained and protected. It is an extremely valuable resource.

Right now, I'm dealing -- our office is representing two buildings, one here in Irvington, which, I'm surprised, wasn't mentioned, 404 Union Avenue. I did speak with Mr. Thompson from the city about it, because this is a situation where, three years ago, this owner bought these two buildings, side by side, 24 units each. The buildings were mostly occupied -- \$500,000 cash, no financing.

Today, one building has been closed for two years now -- didn't want to fix the boiler, consolidated people into the other building. I'm representing the remaining nine families in that building. And it is a horror. Day to day, pipes are breaking, squatters, and so on and so forth. And the importance of the need for the municipality or community groups, or the residents themselves, to have quicker access -- to have a receiver have gotten involved a year and a half ago, would have made a huge difference, in terms of maintaining the affordability on the one hand, and now avoiding the-- I mean, the pipes are gone, the appliances-- Forget it, you have to start from scratch. So we're urgently asking that this bill be passed because of the tremendous impact it can have on preserving affordable housing.

I want to make two very quick-- By the way, the other building, Senator, as you know, is 140 Roseville Avenue, which is a 274-unit building where I'm representing 10 families that are the remaining 10 families in the building. And that's a situation where you have one of these -- I think it was described as a *weekend investor* who thought they were going to have pie in the sky -- and doesn't want to lose a penny in the process, by the way. And our families are suffering. There are 250 units that are sitting vacant that should not have been -- should not have gotten to that situation.

I want to make--

SENATOR RICE: Not cutting you off-- You did pull the records. The sad thing about it, because of the way the receivership laws are presently written, they will run the receivership, which means that it should have never gotten back to the state it's in. This particular bill, 1675, kind of, gives it a little bit more probability, if you will, that once it goes into receivership, it won't go back down. I just wanted to, at least, mention that to the public.

MR. TORRES: Oh, absolutely. That's one of the important things. The bill looks at, at least, almost a minimum of a year receivership to make sure that the property is not just flipped back and forth, and so on.

I wanted to make two very specific points about the legislation, and then two general comments. A very specific point is that, specifically in the larger buildings -- and I'm not sure where we draw the line -- but it should be a separate and independent basis to seek a receivership if there are more than 10 or 15 percent vacancies in the building. Given the shortage of affordable housing -- the shortage of housing, generally -- in this area, there really is no justification for an owner sitting with vacant units in an apartment

or apartment building. And the minute it becomes clear that this is happening, it tells us that this owner is not interested in investing money, he's interested in milking the property. And while -- I think it was the Senator who mentioned that if a building is vacant, it's not considered to be in violation of code enforcement, because there's nobody living in it. Well, the same thing happens with vacant units in an occupied building.

As a matter of fact, the 404 Union Avenue property -- there were a number of life-threatening violations, but, because people left, the owner wasn't cited on a subsequent visit because nobody was living there. The Department of Community Affairs has been cooperating with us in that regard.

So it might be that an additional basis for seeking a receivership would be an increasing, or a presence of a certain number of vacancies. And we can talk about units larger than 10 -- or buildings larger than 10, or what have you. But that would put the brakes on that at the earliest possible moment so that we don't go down that route.

The second very specific comment that I wanted to make was that Section 26 of the bill-- If I read it correctly, it provides a \$15 million fund to a revolving loan fund, and it dedicates only \$5 million for multi-family -- for loans, for receiverships in multi-family situations. And, frankly, it wasn't until very late yesterday that I realized I was going to be able to come here. And not having begun to even do the research-- But it would seem to me that, perhaps, that balance should be shifted, and a majority of the funds should be made available for multi-families, which begin at three-family houses -- and make more funds available for that specific category.

The other two--

SENATOR RICE: Excuse me.

MR. TORRES: Yes.

SENATOR RICE: On that last one, you can put a check mark through it. It's probably going to get resolved, as a proposed amendment to make it 15 and 1, rather than 16.

MR. TORRES: Rather than-- I'm sorry?

SENATOR RICE: Fifteen to your multiple.

MR. TORRES: Oh.

SENATOR RICE: Feel better?

MR. TORRES: Much better. (laughter)

SENATOR RICE: See, this is--

MR. TORRES: It was more than I wanted -- it was actually more.

SENATOR RICE: This is Dr. Hannah Shostack. The doctor means she makes you feel good.

MR. TORRES: Oh, good. I feel better already.

The general points that I wanted to make is that, as you mentioned, Senator, there was a -- there has been a receivership statute in the books. And I know that, for many years, the city of Jersey City had a receivership office. And they systematically applied for receiverships. They were referred properties by code enforcement, in the regular course. And I'm not sure what happened to that office, or if it's still in effect. But, clearly, even with the limitations of the old law, there was a city that was aggressively pursuing receiverships. And even with the benefits of this law, I don't know -- bureaucracies -- it's hard to make things happen. And I'm wondering if there might be some kinds of incentives developed, to provide municipalities with

incentives, either to set up offices to pursue receiverships -- and that's much more important than it might seem.

I can apply -- I work at a nonprofit -- I can pursue a receivership in court, and so on and so forth, but our resources are extremely limited. Often times, we're reacting to situations they bring before us. The city is in at the -- the municipality is in at the very front end. They see the situation developing, they see it as it's coming, and if the city had an incentive to get into the receivership actions, as quickly as possible -- and I don't know how you'd structure that exactly -- it would make sure that it would not just sit.

I know that the abandoned property legislation, when passed, will get a lot of action. But the receivership is a little bit harder to get moving on that. And if there was some kind of incentive for cities to really take that up, it might help a great deal.

Certainly, if there is no municipal force behind it, there's very little on the private side. I mean, attorneys are expensive. We can only represent a very few people. And any incentives in that regard might be helpful.

The only other, two general, comments is that it isn't clear in this legislation that -- it's implied, but it isn't clear -- that the receiver can get fees. Maybe I missed something. There are references to fees and recovery expenses and so on, but I believe the present legislation, the present statute, doesn't specifically say that the receivership may apply for a certain percentage of rent roll or something to that effect. And I'm not sure if that was an oversight or if there's a coordination piece.

And the last thing is that -- to the degree that we want to encourage the nonprofit, the community developers, the community-based

organizations to take on this task -- it might be helpful if a provision were in place that would allow these nonprofits to have the bond requirement waived if they've met certain qualifications. That's an additional cost or an additional burden to a nonprofit -- that might make it easier for them to participate. And we want as many people helping out as possible.

With that said, I believe that one of the statements that was made earlier from the Mental Health Association-- I consider this, my office considers this, an affordable housing program, because the best way to preserve and maintain the cost of housing, within means, is to preserve it. And to that regard, we strongly support and thank your efforts, and those of Senators Codey and Singer, by bringing this forward, as well as the Assembly.

Thank you very much. (applause)

SENATOR RICE: I'm hoping that staff here took notes on the concerns that you have, so we can revisit the language of the bill. But in any event, would you just make a note to make sure you get that, through the Chair, to the staff so it's not an oversight, because we do have two more Committee meetings before this gets approved. And then we'll go back over it.

MR. TORRES: Of course I will. Thank you, Senator.

SENATOR RICE: Thank you.

Okay, Assemblyman, are you all right?

ASSEMBLYMAN STANLEY: Yes, we're in good shape.

He must have some politician in him. He said he was going to be brief. (laughter)

SENATOR RICE: That's legal, man. Legal can't be brief. Legal like to talk.

MR. TORRES: I talk fast.

SENATOR RICE: That's right.

We have one of our North Ward of Irvington District Leaders here, Mr. James Lenix.

Jim, are you going to speak?

J A M E S L E N I X: Yes.

SENATOR RICE: For those who don't know, we call them District Leaders, but when you go to vote they're called County Committee Persons. They're community people.

MR. LENIX: Good afternoon, everyone. Senator Rice, thank you for this privilege to speak. I'm speaking on behalf of our senior citizens. We have a lot of senior citizens that own their own property. And they've worked hard all their life and paid for this property. And now that they're on a fixed income, they can't afford to keep the property. They have to cut short on food and medicine in order to pay taxes. It's happening right here in Irvington.

There's two people that have to sell their house so they can have some money left when they got in the projects. It's really rough. And last week -- no later than last week, I went to a church and got a -- helped get the lady's tax so she could pay her tax. And this thing, we've seen, is really rough.

A lot of them want to stay in their house. They're proud of their house, they worked for it, they bought it, and they're keeping it up, trying to keep it up. But with their taxes and their income, they're spending a lot more than their income is, and they can't continue to go on that way.

Is it possible that you can have some kind of way, these seniors can get some kind of discount on their taxes, so they can live in their own houses instead of going in some other place where their rent is cheaper? They still have to live somewhere, so why can't they live in their own building?

Thank you.

SENATOR RICE: This legislation doesn't directly address that problem. Indirectly, it helps, because one of the problems with private ownership, of home ownership, is that the cost is driven by the services provided to a community, which causes increased taxes at the local level. If, in fact, we can remove the sting of the drugs and the crimes in the neighborhoods, it means that we're going to be able to reduce the criminal justice budget or take that budget and use those dollars for other kinds of things.

And if, in fact, we can take the abandoned properties that are not paying taxes now, and get them back on the tax rolls where they are paying, that's going to add dollars to the coffers to help reduce-- So the bill, indirectly, helps.

In terms of the hue and cry of the seniors and single head-of-household women and people in certain types of incomes, I always tell people that, "Yes, our job is to help." But there comes a point in time we have to make a decision on property. Let's just say you didn't have the problems that Irvington and Newark and urban cities have. There comes a time where the responsibility of that house, regardless of income, becomes the person's. But in our case, we need help. The problem is, we can't keep helping with the dollars. The government won't do that after a period of time.

Senator James and I have been working and talking and trying to pull together some legislation that would assist, particularly seniors and, hopefully, single head-of-households, particularly women, to do some basic things in terms of coming up to code.

Other things municipalities are looking at doing is, as they do economic development, they're doing incentives to get developer A to do some other things. You know, some people go to a developer or contractor and say, "Well, you can do this, but you've got to give me that." Well, the numbers don't work when they give you that, sometimes. I mean, that's like sticking them up, blackmailing them.

But my point is that, there may have to be some incentives where people are willing to take profit margins and put it back. I think there's a couple of developers who go in and, if they get enough properties, they'll fix it up. But they'll paint -- since there's only 10 houses on the street, they may paint the 10 houses just so that their product could be protected.

But we are looking at legislation. It's something we've been looking at and talking about since January of the new Governor. I've asked staff (indiscernible) where staff is, to come up with some things. And I've asked Community Affairs to do that. I don't think anyone got back. So I may have to go and tell them what I want. They don't like to hear what I want, because usually I say money. And I'm trying to be a little bit more rational.

But, yes, we're going to address that.

MR. LENIX: Thank you.

SENATOR RICE: It's going to take some time now. Don't go back and say, "Mr. Rice said, 'Don't worry, you're going to get your house

fixed.’’ It may take us one year, it may take us one -- I can’t say one month -- it may take us 10. The demolition bond bill took me almost 10 years to pass. So, the point is that, if we can’t help a substantial number of people immediately, at least, long-term, we know it has to be in place for those coming behind us, because, one day, we’re all going to be seniors, if we live long enough.

MR. LENIX: Thank you.

ASSEMBLYMAN STANLEY: Mr. Chairman, can I--

SENATOR RICE: Sure.

ASSEMBLYMAN STANLEY: Just so it’s on the record, I want to thank Mr. Lenix for coming. We’ve got, I guess, 80 district leaders in Irvington. We’ve got a number of district leaders in Newark and in other communities. It is so important that our county committee people and our district leaders, our elected officials, come out, not just if they’re on the agenda or it’s their committee. This isn’t my committee, but I wanted to come, because, number one, Senator Rice asked me to come, and, usually, when Senator Rice asks you to do something, most of the time, you try to do it.

And the other thing is that, it’s my community, for sure. So I certainly wanted to be here. But it’s just important for our -- even our district leaders-- And Lily Johnson, here, sat through the whole meeting and has taken information. This is so critical, so important, that people get a chance to voice their opinions. And, yes, we do need to do something about senior citizens and property and property taxes and helping, especially in areas such as Irvington, East Orange, where people pay -- the mortgage is almost less than

the taxes. And that doesn't make any kind of sense, where a person will pay more in taxes than a person could pay in rent for a three-bedroom apartment.

So, that we have got to change, have got to address. And I know we may-- We're in a problem, as far as dollars are concerned, but there's an equity issue there, Senator, I think. There's an equity issue when a person has a hundred thousand dollar home in Irvington, and they pay \$7000 or \$8000 a year in property taxes, and another person living out in plush gardens pays -- has a million dollar home, and they're paying about the same amount in taxes. That's an equity issue. We've got to address it, and we've got to address it in a fast fashion, because our seniors -- I mean, we're losing them. They don't have 10 years to wait, a lot of them, unfortunately. So we've got to do something about it real quick.

Thank you, Senator.

SENATOR RICE: Thank you, Assemblyman. Let me just indicate on your comments. I concur we have to move on it. And the residents -- we need to educate our residents more, too, because sometimes we're held accountable for things we have no control over, and some things we have control over, and we just don't respond. Some communities -- the municipalities do not pay for the services. And that, in turn, gives them a different tax base, in terms of property taxes. But when you add it all up, some of them are paying a lot more, and some of them are paying the same, so I'm still paying less.

On the other side of that, the only way-- The public needs to understand, whether we like it or not -- and I understand the politics of it in Trenton -- is that we've got to have that tax convention that some of us have

been articulating. But we're the minority articulating it, because we know that everything we get, whether it's sanitation, schools, etc., is coming from property taxes. Property taxes should only be used for certain things, which means they'll never get to the ceiling.

The problem is, how do we structure a tax piece. Under the constitution, I don't think there's been a convention since 1947. In the constitution, that's the way you do it. The legislators don't want to go into a convention, because they feel that we may tamper with other kinds of things, such as T and E, etc. But legal research tells us that that's not true, that we can actually hold a tax convention there without touching those things. That's why I'm supportive.

So we may have to research further to make sure that that's what the law is. But if it is, we can move on that. If not, it's going to be generation after generation talking about what we pay. And as long as we're paying for the majority of our services through real estate or property tax, then we're going to always have this hue and cry. And people are going to be out. It is just that simple.

Government, in closing-- We're not PSE&G, we're not Verizon, we're not the corporate people or research and development people -- so if this bottle is no good, we can find a new bottle and make more money. We have to take out dollars from the taxpayers, regardless of what their ages are, if they're working, to provide the service you're requesting. And that's the burden on government, particularly at the local level, but it's also the challenge. And that's why we like to think that when you elect us, you elect the people of wisdom that want to work together in your best interest.

Let me thank, once again, Verizon for entertaining us, Maurice. The Senate will be back. I can assure you that I'm going to continue to retain my membership and my carrier with Verizon and encourage people to do that.

I want to thank Dr. Hannah Shostack, who -- we go back a number of years, and she's a Ph.D. She's very knowledgeable in the area. She may be quiet, but she takes good notes, and she'll check this stuff out.

And Julius Bailey, from our staff, on the Democrats' side. He's assigned to this Committee, Community and Urban Affairs, along with my right hand -- she used to have an R. You see my license plate. It says RR. That stands for Rice and Ross. This is Yolette Ross. (laughter)

And everybody knows Rufus behind me. You don't see him in the community, because I've got him in the office.

And I want to, definitely, thank my running mate, Assemblyman Craig Stanley, because we have meetings throughout the state. And often times, we have to have the public meetings, but we can't mandate that the persons on the committee be there. And, often times, we have to schedule meetings where you can get there, but it conflicts with their schedules. And that's why I want to, once again, thank Senator Cardinale for coming and Senator Barbara Buono for coming here.

And hopefully, we'll have members over in Jersey City. But we wanted to get to you with this. Hopefully, it's been beneficial to you. It's certainly been beneficial to those of us on the Committee, and to me. And I really see that there will be some amendments to the legislation. We know that. I know that from the meeting yesterday with the Advisory Committee.

I know that from talking to Doc over here, and I know that from talking to some people in DCA.

Hopefully, when we do the amendments, it's the kind of legislation that will accomplish its goal, and that is to help us bring these buildings into compliance and do it in an expeditious fashion.

Thank you once again. This meeting of the Committee is adjourned.

(HEARING CONCLUDED)