

NEW JERSEY STATE LEGISLATURE
SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

IN THE MATTER OF:)
)
)
EMINENT DOMAIN)
(CONDEMNATION) FOR)
REDEVELOPMENT PURPOSES)
)
)
)

Place: Irvington Senior Citizen
 Community Center
 1077 Springfield Avenue
 Irvington, New Jersey 07111

Date: October 26, 2006

MEMBERS OF COMMITTEE PRESENT:

SENATOR RONALD L. RICE, Chairman

ALSO PRESENT:

ASSEMBLYMAN CRAIG STANLEY
ROBERT C. ROTHBERG, Committee Aide, Office of Legislative
 Services
EUGENE LEPORE, Committee Aide, Senate Majority Staff
NICOLE DECOSTELLO, Committee Aide, Senate Republican Staff

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New Jersey State Legislature

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

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PUBLIC HEARING NOTICE

The Senate Community and Urban Affairs Committee will hold a public hearing on Thursday, October 26, 2006 at 6:00 PM at the Irvington Senior Citizen Community Center, 1077 Springfield Avenue, Irvington, New Jersey 07111.

The committee will hear testimony on the use of eminent domain (condemnation) for redevelopment purposes. This hearing is being held to offer members of the general public an opportunity to inform the committee of their personal experiences regarding eminent domain and redevelopment in New Jersey.

The Chairman reserves the right to limit the time that witnesses may speak in order to afford everyone present an opportunity to testify.

Those persons presenting written testimony are asked to provide 15 copies on the day of the hearing.

The public may address comments and questions to Robert C. Rothberg, Committee Aide, or make bill status and scheduling inquiries to Renee L. Doersch, Secretary, at (609)292-1596, fax (609)633-1228, or e-mail: OLSAideSCU@njleg.org. Written and electronic comments, questions and testimony submitted to the committee by the public, as well as recordings and transcripts, if any, of oral testimony, are government records and will be available to the public upon request.

Issued 10/19/2006

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SENATOR RICE: Can everybody hear me? No?

UNIDENTIFIED SPEAKER: I can hear you.

SENATOR RICE: You can hear me?

UNIDENTIFIED SPEAKER: I can hear you.

SENATOR RICE: Okay. Where's the Senator? Bring him up. Okay. Can you hear me out there in the back? Rufus, can you hear me?

UNIDENTIFIED SPEAKER: I hear you loud and clear.

SENATOR RICE: Okay. Good evening.

UNIDENTIFIED SPEAKERS: Good evening.

SENATOR RICE: Let me thank those of you who are here in attendance and those who may be coming. This is the Committee that deals with a lot of issues involving our communities throughout economic development and construction and buildings.

This is the Urban -- Community and Urban Affairs Committee. I want to first of all thank Mayor Smith -- a great mayor in my district, a guy that you're going to be hearing a lot more from throughout the state -- for giving us the opportunity to meet here in the Township of Irvington.

For those who have not visited Irvington, who have never had an opportunity to go through it, it's the township that you hear about that's on the move. Adjacent to this township, if you go up a few blocks you're in Maplewood, New

Jersey. If you go over a couple of blocks you're in Newark, New Jersey. Up about seven blocks you're in South Orange, New Jersey. And on the other side you have Union, New Jersey.

Irvington at one time when I grew up was a place where everybody went to Olympic Park. We were the -- what do you call that thing in South Jersey? -- the Great Adventure of Essex County. And that's -- it was families.

The Mayor is bringing this township back. He just started his second term. You're going to see development taking place. And you're going to probably see Irvington move in the forefront of Orange, East Orange, and Newark in terms of urban growth and economics.

I'm going to ask the Mayor to come up and, number one, if he's going to be here maybe he'll sit with us if there's room to participate, but also to testify first as our first speaker and to welcome us to his great township.
Mayor?

MAYOR SMITH: Thank you, Senator Rice, Assemblyman Stanley.

SENATOR RICE: Before you do that, let me just first of all indicate that I have here with me Assemblyman Craig Stanley, who is also the Chairman of the Education Committee and the Assembly as well as the Co-Chairman of the Joint Committee on Public Schools. And he's also a member

of the New Jersey Legislative Black Caucus and he chairs a subcommittee on education. And he's also a resident here in the Township of Irvington. He's my running mate.

Here we are, staff, and let me let everybody know that these small mikes are for recording. And so whatever it is that you have to say, understand it's on record. We're looking for the recommendations, we're looking to hear what you have to say.

I also want to indicate that we do have a bill, the Rice bill, S1975, but you can disregard the bill for now. If you want to discuss some of the elements of the bill, that's fine. This is a public hearing to hear from you because there's going to be a lot of amendments to the eminent domain law.

And I also want to indicate that there will be eminent domain law because that's driven by statute, by the Constitution. Unfortunately, eminent domain happens to be one of those necessary evils, like affirmative action. If you don't have it, things won't happen. We have to grow cities, we have to grow communities throughout this country and that's why it's a tool.

What occurred in the past was the fact that we never used eminent domain that much. Fortunately, and in instances unfortunately in some cases throughout America, because of the economic boom for the last ten plus years,

eminent domain was used probably a lot more than it traditionally will be and traditionally has been.

And so it's something we have to work around. And we recognize that the real issue, the major issue, the nucleus of this whole legislation, is one of equity and fairness to property owners who learn a project is public or necessary. And that's where we're trying to direct this information.

Mayor, thank you very much.

MAYOR SMITH: Thank you, Senator, Assemblyman Stanley, staff of the Committee, to -- welcome to the Township of Irvington, first of all. Thank you for having this very important topic addressed here in the Township of Irvington. And so I'm delighted to be here.

As the Senator's indicated, Irvington is, in fact, a community on the move. Some significant development is underway here in the township both residentially and commercially. And one of the tools that we need to have available is the power of eminent domain. I saw one of our attendees had a very significant t-shirt on. The question is, you don't want eminent domain abuses.

And I think under the current New Jersey redevelopment law which deals with the issue of blight and also deals with the issue of fair market value for someone's property really puts -- keeps in some of the necessary

protections for when communities have to use eminent domain to advance it.

But -- and the Senator is absolutely right. I could have just said ditto and that would be the extent of my testimony. But let me just say the challenge of urban communities -- as they grow, eminent domain is absolutely going to be necessary to advance the interests of these communities. It's going to help a whole array of people and sometimes even help the person who actually has to have their property taken in many respects.

So, Senator, I just wanted to thank you for bringing this subject matter here to the community. I wanted to weigh in as you deliberate over this important issue.

Protection should be there, abuses should be discouraged, but at the same time communities should have the ability to preserve communities, to grow communities. And one of the topical conversations we're having in our state is, what do we do about property taxes?

And unless we redevelop some of these communities so that we can bring in ratables to neighborhoods, people will still continue to be burdened by high property taxes. So thank you very much for this opportunity to testify.

I will be floating in and out because I do have some other community meetings. I may join you before you

end, but I'll be leaving right after this.

SENATOR RICE: Thank you, Mayor. Okay. Next as a speaker we have William J. Ward. And I'll have the staff read his other information. In fact, I'll have the staff call the speakers up.

MR. WARD: Good evening, Senator, and members of the panel.

SENATOR RICE: Okay. Would you state your name for the record and who or what organization you represent?

MR. WARD: Okay. William J. Ward. I'm a lawyer, senior partner in Carlin & Ward law firm in Florham Park, New Jersey. I practiced in the field of eminent domain for 35 years. I've been a Deputy Attorney General for the Department of Transportation. I handled all the land acquisitions for the New Jersey Sports Authority in the 70s and 80s.

I left government service in '82 and I've been in private practice. And in the years that I've been in private practice, which is now almost 25 years, I've represented property owners primarily against condemning authorities in eminent domain cases.

I'm very familiar with the local redevelopment housing law which you're addressing today, and the Eminent Domain Act and the Relocation Assistance Act. Which is one of the points I wanted to bring out to you: that eminent

domain reform should really be looking at those three statutes, not just the local redevelopment housing law.

I've had this conversation with Assemblyman Burzichelli also. And I will tell you I am in favor of amending the local redevelopment housing law. I've told Assemblyman Burzichelli and I'll tell this committee, I don't think it goes far enough, but it's a good first step.

And the things that I see in the amendments which you're considering are, number one, transparency in the process. I've had many people come to me well after the fact that their properties have been blighted, and not realizing that blight means you may be acquired in an eminent domain proceeding and they want me to stop it. I say, I can't stop it. I've tried to stop it, but if you're beyond the 45 days to contest municipal action, you're out of luck. And many times the blight occurs years before the acquisition.

There are a lot of examples of that: Asbury Park, Long Branch, Bloomfield. Almost every town, the blight designation precedes by years the acquisition of the properties, if it comes to the acquisition of the properties.

By making the process transparent, you're going to tell the property owners up front when they get those notices, block such and such, lot such and such, are in an

area in need of redevelopment. It may result in eminent domain proceedings. That will get people's attention, and it will get them involved in the beginning so they don't come to a lawyer like me well after the fact and then say "Save me," because at that point we can't save them.

But the other point that I wanted to make to the committee: There are -- Some of the amendments you're looking at are minor amendments to the Eminent Domain Act itself. That act was passed in 1971. It's been amended a couple times, but there should be a comprehensive revision of the Eminent Domain Act at this point. It's been 35 years.

In fact, the year I started with the Department of Transportation as a Deputy Attorney General, that act came into effect. And we've been living with the same act and there are deficiencies in that act. But there should be a bipartisan look at the statute itself. There shouldn't be a piecemeal approach to the Eminent Domain Act.

So in addition to what you're doing with the local redevelopment housing law, if you want to take it on, you really should look at the Eminent Domain Act because it badly needs revisions.

The other statute that you should look at carefully is the Relocation Assistance Act. That's a separate statute to eminent domain, but they go in lockstep

because if you're required by eminent domain, if you're a tenant or an owner displaced by the project, the condemning authority has to pay you relocation assistance.

And the relocation assistance is pursuant to the statute but, more importantly, the regulations. Those regulations are a nightmare. And I can tell you because I've dealt with them intimately in some really large relocation cases, for instance, the National Starch relocation with school construction, which was a \$3 million relocation. And frankly, none of the lawyers on either side knew what the regulations meant, and that really should be looked at because it affects everyone whose property is acquired by eminent domain.

That's why I have a -- I write an eminent domain law blog, it's NJEminentDomain.com. And I have come out publicly, and I speak on this topic quite often, that there really should be a comprehensive look at all the statutes and the regulations, not just the piecemeal approach.

But I recognize that with the Governor's commitment to address eminent domain and with Assemblyman Burzichelli's efforts that you're going to go forward probably and change the local redevelopment housing law, which is good. I don't think, in my opinion, it goes far enough. I'd like to see the definition of blight tightened up. And Bill Potter, who is here tonight, is going to speak

to that so I'm not going to take up the committee's time on that.

But I appreciate the opportunity to talk. I'm going to submit written recommendations on amendments to the committee and the staff. And I appreciate your efforts, and thank you again for letting me speak.

SENATOR RICE: Thank you. Let me indicate for the record that I take this very seriously and there are differences between the Burzichelli bill, the Public Advocate's thinking and my thinking. And it is probably because I have a lot of experience in local government, 16 years.

It's also probably because in Virginia, the government took my grandfather's house by eminent domain. That's what killed him. The lot is still vacant, by the way, because the highway 95 went the other way.

But we've been meeting -- we meaning staff and others -- and we don't talk about one aspect of the law, we talk about all three of those statutes.

How much will get changed in the initial legislation, I can't tell you. And the reason I took the opportunity to go up and down the state with eminent domain, is because I want to hear from those who are actively involved with it, understand the necessity of it even though it's a bad thing, it's like affirmative action, like I said,

unnecessary evil, that without it you can't move.

And then I want to hear from the public, of some of the problems they are having. Like I'm very much concerned about the fact that in Long Branch, someone used the eminent domain process to do a development -- to do some development and never started to work. And here it is years later, that when the economy is moving they see new opportunities to benefit and then all of a sudden they want to do the project, but they want to extend it into another area that was never part of the original piece.

MR. WARD: I have some of those cases.

SENATOR RICE: My attitude is very much that you should know what you want to do when you come and make application.

And so I have to figure out how to put a bar down so that's not going to happen. And if it is going to happen, it's going to happen in the process from square one with some protections.

I also know that the issue is one of fairness. And we're very much concerned about relocation. What, in fact, does relocation mean in today's society when you're not moving around a corner, okay?

And the economy is such that any place you go -- I mean, if you live in Irvington right now, you're not going to get a house in this town, a one-family house, probably under

\$200,000, 225. That was not the case three years ago. It wasn't the case a year and a half ago, where if I'm only six blocks from Maplewood, New Jersey, at the base of Maplewood, New Jersey, I can assure you when Irvington hit 225, the 325 on that base becomes 425.

So how do we get you to relocate -- you know, what is fair? The Constitution says just and fair compensation, but it never defines just and fair. What I do know, and I know Assemblyman Stanley knows this from our experience dealing with just school construction, when you go into a community like Dewey Street and we have brand-new houses going up and you're taking property, you're taking a brand-new house that was just constructed and someone hands you a piece of paper and says, I just bought it, and here's my deed of record and here's my mortgage and it's \$200,000, you remove two tenants who are paying rent and here's a family getting foreclosed, but your first offer was 250,000. How do you get 250,000 when I'm holding the mortgage just filed that said 300,000 is what I have to pay?

And so the courts have to step in and the Courts did a little better but I don't think it was fair enough because there were an awful lot of incidents. So some of us understand that.

Then there are those in New Jersey who said, you shouldn't have eminent domain at all. And that's because

the politicians have convinced people of that notion for different reasons in different cases -- other cases, because people understand the abuse that they are taking, that they read about. And they don't really understand the intended nature of eminent domain, et cetera.

So I'm aware of these kinds of variables, and I understand that when we finish and come to the end, we're not going to have a bill probably to make everybody happy, but hopefully we'll have a bill that's better than what's out there because we've been very -- moving very cautiously with this process, and a lot of involvement, and I've spent a lot of time on it.

But I would like to have those recommendations and areas that we should be looking into, in reference to the deficiencies in the Eminent Domain Act itself.

MR. WARD: Good. I'd be glad to provide that.

SENATOR RICE: Okay. Thank you very much.

MR. WARD: Thank you.

SENATOR RICE: Assemblyman, do you have any questions of the speaker?

ASSEMBLYMAN STANLEY: No, but I would like to commend you just for having these kinds of hearings, because -- I think just in the opening testimony, certain of these issues that I'm not necessarily totally aware of, even though we have crossed this issue with the school

construction issue. But it's very informative and, you know, I'm here not as a Senate member, but I certainly welcome the opportunity to hear and listen to the testimony because I think it's very important -- very important -- as our Mayor said, very important for the Township of Irvington and certainly as a resident -- and have been working hard with you to make sure that the development moves forward in Irvington, and they have the tools that they need, and at the same time making sure that we protect the residents and the tenants as well.

So thank you.

SENATOR RICE: Thank you. Next.

MR. ROTHBERG: I just want to state for the record that a Mr. Harold Bobrow was not able to stay, but he did deliver written testimony, and that will be included in our record.

Santos Cruz of Citizens in Action?

SENATOR RICE: Santos is smiling. This is going to be good, right?

MR. CRUZ: I think. I'm always smiling. How are you gentlemen doing?

SENATOR RICE: Fine, Mr. Cruz.

MR. CRUZ: My name is Santos Cruz. I live in Mount Holly, New Jersey. I belong to Citizen in Action, a committee that we have formed to stop the process that's

going on in our neighborhood of redevelopment according to the township.

My story. I'm going to give you the people's story. I'm a hard working man. I bought into this whole, "you get a piece of the pie, this will hold, you can work your way through it." I bought a house and then I bought a rental, you know, a property to fix and make it a rental property. But I didn't know that I was dealing with people that knew more law than I did -- talking about the townships, because they study whatever law you guys write and they go around circumventing the process.

Here's how they did it in my neighborhood. They bought 22 properties -- 22 properties -- boarded them up. Boarded them up, but they didn't put any signs. Just boarded them up. Stopped sending the cops around. I mean, they just pulled back from our neighborhood intentionally and then wrote one of your, I guess so-called investigators, the ones that are going to say the area is blighted and in need of redevelopment.

So they brought this person around. They saw all boarded up properties, cars left there -- which didn't used to happen, but since they pulled back the cops and pulled back all the resources, of course this person signed up that it was a blighted area.

But that's dirty pool when you blight the area and

then come and say the area's blighted. I guess that's dirty, but we're not supposed to know that because we're hard working citizens who are forced to obey the law. We're not supposed to know nothing about that.

Then what do they do? They send the cops. They, you know, they harass us now because once the process started, now the cops are in there all the time harassing us. We get tickets for, you know, you leave your garbage cans a couple of hours because you're working and you have to take them out the night before, they come and write you a ticket forcing you to miss a day of work to go to court if you're going to fight it. If not, then you're just out 40, 50 bucks.

You know, they do all this to make it harder on us. They displaced already about 200 families from a 350-family complex so they can redevelop. They've taken over a school. I thought, you know, this eminent domain issue was about things that were going to help the community. How is closing a school helping the community when our classrooms are overcrowded? But they're taking over the school to redevelop and make houses for people who are going to afford it, but we can't afford it.

I thought that the Governor and you guys were supposed to have some sort of laws, like more, you know, houses for the poor, you know, that people can afford. You

know, they took all these houses, they're going to make them bigger, and the poor are going to get nothing.

This is how they're circumventing the laws. They're making -- all because the township needs money for taxes. Well, I'm telling you that for four years now, there's been 200 properties closed up at \$1,000 a piece. A thousand dollars time 200 times four years, how much does that make?

And the money that they paid -- they underpaid so they brought down the value of the houses. So if I was to sell my house, they're going to take a look at houses by me which they had bought for less money because they forced the people to sell by, you know, by putting strain on them. They forced them to, you know, because if a cop is harassing you, you say I'm going to get rid of this for whatever it is. I'm going to go live somewhere else. I'll go to Camden. At least I can live, you know, happy. The cops won't harass me there because of this issue.

This, I think, is because they learned the laws. They learned what you guys write down so you have to make a law that makes it hard for them to do this, to circumvent this law. A law that says, you know, we have to find out who owned the properties that are boarded up, and if it's the township, then don't give them any money for relocation and say, no, we can't blight this area because you own those

properties. Sell those properties for tax money and let's see. Once a homeowner gets in there and tries to build it up, see if it's blighted in a couple of years after he's had a chance to fix it.

You know, my properties, they were nice. I'm saying right now there might be a little -- because I don't have the money, the time, and the patience to put into this property knowing that they're going to take it from me for pennies on the dollar. For pennies on the dollar.

So they force us to live in a poverty that you guys have never thought of. Have never. We're going backwards in time in Mount Holly Gardens, and I would invite every one of you to come over there and see the families and see how they struggle -- not because they don't have the means, it's because the township puts, you know, undue stress on us.

I'm just a common man, common working man. I work 60 hours a week, 70, to make it work. But I can't make it work because they're putting roadblocks that they know that they can put because you write the laws to make it simple and easy for them to do it.

And this needs to go. You know, you guys say, well, I don't think we could change a lot. If we don't change a lot, you know, we're just joking ourselves here. This meeting is just a farce.

We have to hit them where it hurts. I don't say eminent domain is not needed, but let's see how we use it. It's a sword that cuts both ways. You're cutting out -- if you cut out us working class, who's going to do the work for you? Who's going to cut the grass? Who's going to drive that big truck? Who's going to do that?

You're making it impossible for me to live in this state. So how am I going to provide you the services that I do? So you're making it impossible for me, I have to move somewhere else and hope that they don't have people writing these laws and making it simple for a township to just circumvent whatever you guys put down. Make it impossible for them. Make it hard.

I'm not saying that you don't need eminent domain, but schools, you know, traffic -- you know, to ease traffic, something like that, but to build houses, take houses from people who own them and build bigger houses that they cannot afford because we don't want the poor in this town. We don't want the poor in this town so we have to get bigger houses that they cannot afford.

Let's close a couple of schools because the poor bring kids. But if don't have poor, we don't have kids. I mean, this is down to earth. This is how the people feel. You want to hear the people? I just told you the people's story.

I worked hard, got all this money, tried to get a piece of the pie, a piece of the American dream, and you guys have turned it into the American nightmare. And I'm Puerto Rican, so I'm an American citizen by birth. So I'm not, you know, some stranger coming who has no bearings on this because if they come in, they get their citizenship, their alien residency. Get whatever you can. Get a piece of the pie, because that's how our forefathers did it.

But I'm saying, we're doing this to our own people, the people who vote for you guys. And sooner or later, we're going to find out that you guys ain't doing the job, and we're going to start voting in other people who might not do the job, but we'll vote them out the next four years.

So, you know, I'm just saying I commend you because you're trying, but you have to try harder. You have to try harder. There's got to be something across the board hard. You know, make it hard for the communities to cheat the people.

You know how much they're giving in our neighborhood? I'll give you the price. The township is giving 32 to \$40,000 for a house when they're selling right around the corner for 90 and 100,000. But they say that's fair market value because they have brought down the market value.

You know -- and that's what you guys have to address. You have to make it hard and put in all these clauses that anything like that will not be tolerated in this law, in this country that we live in. If holding land in the United States is not sacred, then what are we going to do? Then liberty's not sacred, because we're fighting for land, for our land, for our beliefs in our land when we go out there, when we send our children, when I send my sister out to Iraq, we were fighting for that.

But, you know, if that doesn't mean nothing, if holding land and being a citizen and doing all this doesn't mean nothing, then what are we fighting for? Why did we elect you guys and give you our voice if you're not going to talk for us?

This is what the people want. The people want fair. Fairness. There's no fairness in this loss. None. I don't see none whatsoever. Especially when you give the crooks the law so they can circumvent them.

I'm sorry. If anybody has any questions I'll be glad to answer them. I get a little, you know, this hits me at home.

SENATOR RICE: Let me say to you first of all, I thank you for coming so far to give us the people's view and that's what we want to hear.

I look at you, and I listen and I smile primarily

because there are 40 state Senators, I'm the sixth senior city Senator and this is my home. I live two blocks from here in the city of Newark and I've been through this 16 years on council in Newark. And the reason I'm there is because I do care.

MR. CRUZ: Right.

SENATOR RICE: But the people in my district understand that maybe I can't give them the law the way they feel they should have the law, but they know I can do something better.

The intent of this whole legislative session and hearing from the public is to try to put as much in as I can to make sure there's fairness in the process for everybody, no abuses, at least diminish them, but also get 21 votes to pass it.

See, I can say we're going to do nothing, and then people complain because it's status quo. I can say we're going to do all these amendments and then I've got to get 21 votes to agree, which means 20 amendments may come down to 17, to 15. So I have to argue my case.

You don't find many people going up and down the state all summer long holding hearings. And I've been -- I haven't been to Mount Holly yet. I've been past Mount Holly. But I've been in Whiting, New Jersey, I've been in Gloucester County, I've been all over the place for several

hearings.

So we do care. This meeting is not for us to do a pony show and then waste everybody's time. My staff has been up and down this state. They worked in Trenton all today. And that's why I commend you.

Let me assure you that if I have my way there's going to be better legislation. It still may not be where we wanted to be. But if you were here when I started the opening, I prefaced my remark by saying when the most crucial issue is one of fairness and equity, you're right, we should not depreciate in our mind by way of eminent domain.

And by the way, there are some who use this tool to discriminate. And we know that. There are others who may not want to admit that because they like their little princely communities where they don't find many minorities, okay? But there are some who actually use it to discriminate, because the law is very clear that you can't discriminate with housing. But the law doesn't talk about the economics.

In other words, if I can't afford it, I can't be there. So if every community is Deal, New Jersey, then none of us sitting here, including the professional people, would be in New Jersey because we can't afford Deal.

And so we understand what's going on. And I'm

really glad to hear you put it on record from the public's side. But we are public too over here. We just get elected. Thank you very much.

MR. CRUZ: Thank you. You have a nice one.

SENATOR RICE: All right.

MR. ROTHBERG: Next, George Mytro - I'm sorry.

MR. MYTROWITZ: Mytrowitz.

MR. ROTHBERG: George Mytrowitz. That's M-y --

MR. MYTROWITZ: -- t-r-o --

MR. ROTHBERG: -- t-r-o-w-i-t-z?

MR. MYTROWITZ: That's correct. My name is George Mytrowitz. I'm a property owner in Newark that's under the threat of eminent domain. My family business has been in Newark for 93 years, fourth generation.

SENATOR RICE: George, excuse me. Are you from the Mulberry Theater, by chance?

MR. MYTROWITZ: Yes.

SENATOR RICE: Okay.

MR. MYTROWITZ: Yes. And I'm also spokesman of the property owner's group in that area. We call ourselves the Mulberry Street Coalition. And I'm here tonight to let you know how we feel as part of the public about what's going on in this state.

The biggest problem that we have is, I understand equity and fairness, but I think that's the secondary part

of the bill that needs to come out. The primary problem right now is the abuse of eminent domain that's going on. We all understand, eminent domain is a necessary evil, but it's being abused right now by politically connected developers, by corrupted public officials. And that has to be curtailed. And from our perspective the only proper way to do that is to tighten the definition of the word blight or area in need of redevelopment.

In our case in Newark -- I mean, we have proven to the courts now, because our case is now going to court after four years. This started four years ago. We proved that the developers not only told the city what properties they wanted, but they also told the city that they would hire -- they would contract a city planner to blight the property. And this was before the entire process started.

We have this on the record with the courts and it's a provable fact. And these are the type of abuses that have to be stopped.

There's a huge economic impact. Everyone in the state's worried about destroying the manufacturing and industrial sectors. Well, the abuse of eminent domain pushes those type of jobs out of this state. Who's going to invest in a small private business in areas that are usually industrial, when the threat of eminent domain is always going to be there because those are usually the first areas

they target?

It's killing the blue collar jobs, the good paying blue collar jobs, and replacing them with low-wage rental and service sector jobs. The Starbucks will pop up on the corner instead of whatever was there before.

In my case, we have an autobody repair facility and all my guys make four or five times minimum wage or more, plus benefits. Those are the type of jobs you're going to lose when you allow the abuse to continue.

And the Supreme Court, when they rendered the Kelo decision, said that you have to be careful because eminent domain when, it's abused, targets minorities, people with little political clout. And what can happen is that the rich and politically connected can be the ones that benefit off of someone else's hard work.

And that's what's going on in Newark. Our property is not blighted, and we will prove that in court. We had a city planner that we hired on the recommendation of the deceased councilman Donald Tucker.

He told us when this started, get a city planner, have them -- and analyze the area. That's what we did. Our planner said that the area was not blighted. The city hired a planner that said it was blighted. But this was after the developers originally hired a planner that said it was blighted. So we actually stopped it once.

The city -- the developers hired a planner first. Their planner blighted the area. Then we had -- the city backed off, stopped the whole proceedings. And then eight months later they started it back up and they hired their own planner so it didn't look like there was any type of a conflict there. But obviously there was. It was in place before it all started.

Now, in our opinion real reform can take place in a couple of different ways. We believe -- and I know a lot of politicians are against this -- but we do believe it's this crucial of an issue that a moratorium needs to get put in place first, while all this investigating goes on to determine what really needs to be done in order to protect the public from the abuses.

Like I said were not -- nobody that I know is against development or the use of eminent domain in proper circumstances.

The other thing, obviously like I said -- need to tighten the statutory criteria. There's one criteria in there that the Public Advocate said is unconstitutional under New Jersey law. That happens to be the criteria that they blighted our neighborhood with, and that's the underutilization clause. Because that looks out to a possible future use for that property, it's not looking at current conditions to determine if it's blighted. It's

looking at what could possibly be there in the future as to why that area's blighted.

And the area that we're in, the 14 acres in Newark that's slightly down south of the arena project, is not a blighted area. And, like I said, we will prove that in court. We will have our day in court for that.

The other thing we need to do is learn or change a blight designation. Once a blight designation is put on a location, I believe it's 30 years that that stays in place.

That's not fair to the property owners, for 30 years be in limbo. They have a hard time selling their property because the people that would buy it behind them realize it's in a blighted area. We don't want it. Someone might take it someday.

So my opinion would be that you change the time frame that an area can be blighted to something like five to seven years. So if that development project that the city wanted to do, didn't get done, the blight declaration would have to be redone after that time frame. It would make it a lot more fair to the people involved if that was the case so that they didn't go through a lifelong journey of wondering whether or not someone's going to take their property down the road.

In other cases, well in my case, I have a small business. Small business should be -- any business should

be treated fairly as well.

Most of the bills I see are all about residential properties. And I agree that's very important. It's someone's home. But it doesn't address most -- the businesses. A lot of them don't address businesses.

A -- and I know in New Brunswick, I know how great the redevelopment supposedly was there, but the majority of the businesses that were displaced there went out of business because they couldn't survive the relocation. And because of that, something has to be changed to make it more fair for small businesses as well. And my suggestion would be that a small business should not be considered to have a zero fair market value, which it currently is under law. They only need to be relocated. Either the business' good will should be worth something that has to be paid for in case of a relocation, or that business should have to be incorporated into the project that's going to be put on that property.

And then going further down, in cases where blight designations are overturned by the courts, the property owner's legal fees should be fully reimbursable by the municipality that blighted the area.

Currently, if you -- your property's blighted and you overturn it in court, you cannot get any compensation back for your legal fees. Now to me that's crazy, because

that's a heck of a blunder for a city to make. If an area's blighted, they make you go through the expense -- which nowadays is going to run someone between two, three, four hundred thousand dollars -- to defend the fact that it's not blighted and then down the road say, well you're not allowed to get any compensation back from that wrong designation.

In general, I think that the Public Advocate was right on line with his reform package. And you need to make sure that whatever version of this that comes to fruition, that there are no loopholes for unscrupulous developers or public officials to get through in order to push a project forward that's going to potentially abuse the use of eminent domain.

The laws right now are too vague. In fact, they're so vague right now that anyone can make a case that any property in this state is blighted. All you have to do is prove that you could put something there that would generate more tax dollars.

So the bottom line is, people are suffering from the abuse of eminent domain all over the state. And now more than ever, it's rampant in the state right now. People are losing their homes and businesses to politically connected people, developers mostly, because of a corrupted process used for redevelopment. That process has to be revamped, and not only is it not fair the way it is now, it

is also unconstitutional right now and it has to stop. And we ask you to find the way to correct the inadequacies within the law to protect your constituents from this type of abuse. Because this is probably one -- other than taking someone's life, this is -- has to be the worse abuse of laws in this country today.

I thank you very much for your time. And if you have any questions, I'll be happy to answer them.

SENATOR RICE: Let me first of all thank you. Let me say that as a lifelong Newark resident, I understand exactly what you said and the politics of it. I also understand some of those relationships. And I also understand that good people get hurt in the process, given the politics of trying to do the right things.

Like I got slapped myself when I was with Tony Gomes (phonetic spelling) and then they had to tell him there's no problem there, but that was politics. If I wanted to be mayor and to do those things, and then meanwhile the old boy network continued to move forward on what they want, and we're aware of that.

Some of the areas you raised in terms of definition -- One area we are looking at is the definition of blight, exactly what it means. We had discussion as late as yesterday I believe it was, Bob, in reference to wanting something done with small businesses. And I'm talking about

mom and pop type businesses that always get abused in the process.

I'm looking at the environmental concerns in terms of areas where we have to -- Take Newark, for example, or Irvington, we have all industrial areas. Nobody's going to ever touch those properties, and so we have to isolate them from the residential concerns of eminent domain and so that we can keep the ability to move forward where there's a need or a will, if necessary, so we can have those jobs.

And then we have to also stop how far it goes. Like I said, a situation in Long Branch was where someone waited five years or something - haven't done anything -- and all of a sudden it seemed like it's a good opportunity and they wanted to go even further than what was locked in, that everybody agreed to.

And so we're going to go --

MR. MYTROWITZ: And now they stopped as well.

SENATOR RICE: -- back and check the -- we made a note to check the number of years that blight can last. When I was on council for 16 years -- for those who remember -- when we talked about helping people with property, we talk about abandoned buildings, we talk about selling property.

I've always said, after this period of time we don't care if we sell enough, you're not doing anything,

there's no progress, we're taking it back. And I think we're going to have to look at eminent domain the same way, because I'm just a believer that if a town has a master plan or has any vision whatsoever, and people who are interested in coming into town and they want to invest their dollars, because we don't have anything to give them, we have to make it meaningful to them to want to invest. But if they're going to do that, then we have to be kind of time specific on what's going to take place once we get through these processes.

We know that transparency is a very, very major issue. We know that notice is a very major issue. But we know that we can't get tied up from point A to point B. Whatever happened has to be certain and immediate. And that's the whole key to it.

Now I use those terms again because I very seldom use them out here, but it's my military and cop discipline. It has to be certain and immediate.

Part of the problem is that the dollars are available to be fair, the process takes you over here and things change every day in life, which means the resources available are diminished based on things that have occurred that went up.

And so we are looking at those areas. And recommendation that you have if you can forward them to us,

we want to take another look. It's not going to be perfect.

And when I said the issue -- the key issue is one of equity and fairness, that didn't mean that I was ignoring those other things, it's just that that's the nucleus. We know we can't deal with equity and fairness unless we deal with abuse first, unless we deal with definitional type things first. We know that.

But even on Mulberry Street, I sit back and I watch because I wasn't -- I didn't have a vote, wasn't the Mayor, and I'm reading it and I'm saying, this doesn't make any sense to me, and I know the actors. We went through that years ago.

But it was interesting because everybody said, we don't want eminent domain. Now I've been in Newark over 50 years. My father had a barber shop on Astor Street on the other side of Mulberry. And I know what all that the areas are over there, junkyards or something else. I don't like that. I don't like hubcaps coming off 1&9 in my main downtown, anyplace else. And so there are a lot of local things that are not being done, that can be done.

But when I look at the Mulberry Street, I say, you know what? These people are not against eminent domain. And -- but that's what the paper kept saying, then I picked up the paper one Sunday and said, hold it.

We know that we want something better. And those

of us that can stay if there's a way of doing your project where we can stay, work us into it, that will help. But if we have to go, because we want to see Newark grow as well, why are you offering us this when we are worth this?

And that's why this issue of equity -- because the average person feels that in time you always hope something doesn't happen. But if, in fact, it does happen, if it makes sense, you understand it. If I have to build a school, I have to build a school. People understand that.

But the question then becomes one of fairness. If I have a business like an area over in Hudson County -- and I won't identify the location -- where the politics just took the land, developer's coming in, and it was a fast food there, and a huge wholesale liquor store and check cashing place. But the size of it, it was difficult to find another spot, number one.

They litigated, but during the course of litigation they agreed to work with the fast food: "You can stay." The liquor store could have stayed with the cash checking too, but the politics -- it was a personality clash like we have here in our city sometimes. As a result of that, that person was forced to relocate. I even tried to get the state involved to find out if there are any resources to help identify a location that was suitable to meet it.

And so we're all aware that these things happen, because of those of us in the Legislature at the state sometimes, in the government's administration sometimes, any government, any legislature, at the local level, and the county level -- And so we know that. And so we're going to have to address it the best we can. It's not going to be a cure. I'm not going to promise anybody that. I know we can't stay status quo. If 41 Assembly persons and 21 State Senators decide that what I produce they don't want, then it means we're going to be status quo. And I want to try to educate them that status quo is doing more harm than any positive change we can add in the process.

And so that's where we are right now. But let me once again thank you on behalf of those of us here, but also on behalf of the Newark residents that you represent, which is my home.

ASSEMBLYMAN STANLEY: Thank you. Thank you, Chairman. I had a little problem with your last name. Can I call you George?

MR. MYTROWITZ: Yes, George is fine.

ASSEMBLYMAN STANLEY: Okay. You can call me Craig. The -- you say you went to court with your own city planner?

MR. MYTROWITZ: We went to the planning board with the city planner. That's in the testimony that the Court

will be looking at.

ASSEMBLYMAN STANLEY: Okay. So you haven't gone to court yet?

MR. MYTROWITZ: No.

ASSEMBLYMAN STANLEY: Okay. And what venue is the hearing?

MR. MYTROWITZ: Essex Superior Court.

ASSEMBLYMAN STANLEY: Okay. All right. Okay. Thank you.

SENATOR RICE: Thank you very much.

MR. MYTROWITZ: Thank you.

SENATOR RICE: Next, Bob?

MR. ROTHBERG: Next we'll hear from Manuel Amaral.

MR. AMARAL: Good evening, Senator, and everyone else.

SENATOR RICE: Good evening.

ASSEMBLYMAN STANLEY: Good evening.

MR. AMARAL: My name is Manuel Amaral. I have a business in Harrison, a small business in Harrison, New Jersey. It's next to a train station. And about nine years ago the town decided that they would -- the town was in redevelopment, and it is in need of it.

And so they got plans to redevelop 275 acres, which is one third of the town where they plan to build from seven to 8,000 condos. I don't know how many million square

feet of commercial property and stores and stuff.

The plan looks beautiful. I think it's too big, but that's not what I'm here to complain about. That's for the engineers to decide.

We were never notified -- I was never notified by mail, by registered mail that this was going to happen. When I found out it was already in the process, 45 days, three months, six months, a year. It was already gone. And at the time I -- because my property was always well maintained, I didn't know much about eminent domain or, you know, anything to do with that. So I was not too preoccupied it.

In about 2001, I started getting letters from the redevelopment agency that they were going to come in and do soil tests in my property, and they were going to send an appraiser to appraise the property.

I went to a lawyer. We had to allow them to come in. They came in. Never heard from them again. They disappeared. Everything has been quiet.

My business changed quite a bit. I used to do a lot of parking because I'm next to a train station, the PATH. I did a lot of commuter parking and service on cars and sold some used cars. We also had a little deli there.

After 9/11, because of the situation in New York, the commuting changed, and also, two big factories behind me

were vacant and the town allowed them to do indoor parking and so my business changed quite a bit. I lost a lot of the commuters.

So I had to move more into used cars and that's what we do the most now is sell used cars. And I have a repair shop, which is - you know, a lot of the people that commute, they drop their car in the morning, pick it up at night and everything else.

About three years -- four years ago when my sons got out of college they decided that -- sorry --

SENATOR RICE: Take your time.

MR. AMARAL: I'm sorry.

SENATOR RICE: That's all right. Take a deep breath and take your time.

MR. AMARAL: I'm sorry. My kids, which I never knew, they wanted to join the business, and they did. And one of them worked with me, and I have also employees that have been with me for many years.

Last year we changed the property around and which -- in 1990 I built a new building, because I needed more space. I needed a new building. And I redid the old building that was there.

Last year, we redid everything again. We made a showroom out of a shop. And we got permits from the town. We did, you know, central air for the office for -- and we

need also special offices to do financing since 9/11, also because of laws that the government has imposed.

So we have a very nice facility. And we work very hard. We work 12, 14 hours a day. My kids sometimes complain that they work 12 hours a day. I say, well, what are you complaining about? You're working half a day. The day is 24 hours. You know, just keep going. And they're happy and everything was going well.

Towards the end of last year, started getting approached again. They wanted to come in and do sampling the soil (indiscernible). They sent in an appraiser. Everybody comes around, they do whatever they're going to do. We had to let them in. I had no choice. I had to hire a law firm again, which I'm spending tens of thousands of dollars, from what I see.

We started negotiating because they gave you a time limit. They gave you 14 days and we have to answer or they take the property. So we did, and so we negotiated and the negotiation broke down. And all of a sudden I got served with papers at home. They deposit a check in court, that they're going to take the property.

And I call my mayor and he called me back two days later. And I said, Mayor, what's going on? How come you guys are taking my property? He said, what are you talking about? He's in the redevelopment agency board - he's one of

the board members. "What are you talking about?" "I just got served with papers today. My wife just called me. There's a copy of a check that the town deposits." "I don't know anything about it. I'll call Costanowicz (phonetic spelling), he's the lawyer for the town, and I'll call you back." So he never called back.

Two weeks went by. I went to his office. I put my name on the list. I would like to meet with the Mayor. Because I have met with him about two years ago. And I had asked him, "Ray, I'm worried about this. What's -- what do you think's going to happen?" "I think you should be okay. Don't worry," you know, "I'll take care of you. And I think your business can stay. At least part of your business can stay." All right. Fine.

Now he doesn't call. I've written to Mr. Cody (phonetic spelling). I met him. Gave him my business card. Because I just want to tell you -- tell them what I'm telling you. I gave him my business card. He said, I'll call you in two days -- two, three days.

A week and a half went by. I went to his office. Put my name on the list. You know, just give me five minutes. Give me two minutes. Nothing. Haven't heard from anyone.

Thank God that, you know, you guys will listen to us. I'm very concerned with my future and my kids' future

and everybody else around us, because my property is good and it's not better than anybody else's. Everybody has -- you know, it's their own castle.

And they have bought some properties already. They have done it. There are six or seven developers in town. And there hasn't been a problem because they bought some property from the town. Actually, they took the stadium. The town sold them the stadium. They have no place for the kids to play so they could start building the condominiums. Now they have a stadium. They build a new stadium and high school.

I'm getting lost here. Anyway, I'm concerned with this whole thing because I see my future, my kids' future, going down the drain. My employees' also, going down the drain. We don't have -- where am I going to go?

I'm getting letters - well, I was getting letters from the Jersey City Housing Authority. At first I, you know, I wasn't even paying attention. Jersey City. Then they send me a registered letter. I read it. I spoke with them when they came around, trying to find a place for me to go to.

The thing is, when you move a small business from one place to another -- not all business, but where I am we have 5,000 people taking the train, the PATH, every day. We have tons of cars traveling very slowly most of the day. So

we're very visible. If I move one block away -- and the town doesn't want me anyway. There's no place in Harrison for me to go to. Mind you, these guys are taking 275 acres. I need half an acre. They can't put me anyplace.

And I'm concerned because I've worked 30 years for this. My kids are in it, my employees are there. Now they deposit a check. It's less money than I have invested in there.

One of the properties that I bought 20 years ago, I paid \$750,000 for it. They're offering me 475,000. And I don't want to be discussing money anywhere outside than with them. But this is how they're behaving.

And, you know, you get letters almost every day you get up. Every day. So what's going to happen today? There's no peace in our life. There has been no peace the last four or five years, and it continues.

And I think, if the Senate and the Assembly don't do anything about it, it's a shame because we're losing our freedom. That's -- this is so un-American, it's --

SENATOR RICE: What's the nature of your business again? What's your business?

MR. AMARAL: It's a repair service for cars, and also used car sales and commuter parking.

SENATOR RICE: And did they discuss relocation at all with you?

MR. AMARAL: Well, not them. They sent the agency, the Jersey City Housing Authority. Two gentleman came over two weeks ago.

SENATOR RICE: But you're in Harrison on --

MR. AMARAL: On the Boulevard.

SENATOR RICE: -- Rogers -- Frank Rogers Boulevard, right?

MR. AMARAL: Right next to the train station, yes.

SENATOR RICE: Their redevelopment authority is Jersey City Housing Authority?

MR. AMARAL: Well they're the one -- no, it's Harrison Redevelopment Agency, but they hired Jersey City Housing Authority to do the relocation, I guess.

SENATOR RICE: That's very interesting in itself.

MR. AMARAL: They are the ones that -- I mean right now, I use 35,000 square feet. My building is 9,000 square feet. They gave me a list of three places; one in Garfield, one in East Rutherford with each one about five or 6,000 square feet or maybe 10,000 square feet. I can't operate my business. And if I move that far, I might as well close. I'll have to start all over again.

SENATOR RICE: Do you have copies of a letter from the Jersey City Housing Authority?

MR. AMARAL: Yes, I have all that stuff.

SENATOR RICE: Could you get a copy to us?

MR. AMARAL: Sure.

SENATOR RICE: I just want to see the letterhead and what they are saying. I want to understand the relationship for an authority, a federal authority, in one city to another city. I know we designate housing authority as acting on the development arm and if it's in our city -- I did not know we could designate them to do various things outside of the city. Maybe that needs to be looked at too. Okay. But if you could do that, I'd really appreciate it. And Rufus, make sure he gets a copy of your card with the fax number to the office, and I'll give it to Bob so we can look into that.

MR. AMARAL: And I think one thing, too, is that our officials, most of them, they won't even talk to you, you know. And if -- and I've been pretty active at writing letters and emailing and stuff. Yeah, you get a nice letter back, but that's it.

SENATOR RICE: Well we're trying to, in this legislation -- and, Bob, correct me if I'm wrong, we've had so many different discussions -- to really drive home and address the issue, number one, of notice, not just to you.

MR. AMARAL: Mm-hmm.

SENATOR RICE: And processes around the notice. But also, make sure that you're face to face with the right people. That becomes very important if we're going to use

the process at all.

MR. AMARAL: I mean, I know that they don't pay for business, they don't pay for good will. They don't, you know, they give you whatever they want, basically, or go fight it. And fighting City Hall isn't that easy or that cheap, because as a taxpayer right now I'm paying their lawyer, because it's the town lawyer that is defending them, and I have to pay my lawyer.

And I asked the town lawyer, you're being paid by the taxpayers, right? "Yeah." "Why don't you protect me? Why are you going against me on this?" I think that's their duty, our elected officials, to protect the citizens and that's not what they're doing.

I mean, I've been at that location for 26 years. I pay my taxes and they're not so small. Right now, it's over \$50,000 a year. And they're going to bring condominiums and stores, with tax abatements for 20 years. That's what they're doing. That's what they're doing with all the stuff that they're building. And the town does need the redevelopment. I know it better than they do, because everything goes around us and most of the stuff goes around me. And I stay because (indiscernible), I stay and I continued my business knowing that things may get better. I have to leave.

SENATOR RICE: Well we're going to try to address

this as best we can. I hear you loud and clearly.

MR. AMARAL: Yes, please do.

SENATOR RICE: You're on record here. I want to see a look -- take a look at that authority letter you have.

MR. AMARAL: Yes. Okay, Senator.

SENATOR RICE: And we'll do the best we can, okay?

MR. AMARAL: Thank you for listening, and please help us.

ASSEMBLYMAN STANLEY: Chairman, if I --

SENATOR RICE: Just make sure that in the process, that you speak to the legislators that represent Harrison, and let them know that you did come to a hearing here, because they need to understand that -- and I'm not sure who has Harrison, I'll think of it in a moment -- but I don't know --

MR. AMARAL: Oh, the mayor's McDonough.

SENATOR RICE: -- if they're going to be for or against whatever I propose.

MR. AMARAL: Hudson County probably will.

SENATOR RICE: But tell them to make sure that they have some good suggestions.

MR. AMARAL: I -- Because the mayor was not responding to me, I went to the town meeting and I complained to him. And all councilmen were there, which I complained to them too because, you know, they just don't

come around, nobody ever asks you anything.

And there were another seven or eight people that complained. We spoke. They never said a word. Not a word. They never asked no questions. They did not answer our questions. Meeting was over. There was nobody else to complain or to say anything. They left, and that's it.

ASSEMBLYMAN STANLEY: Chairman?

SENATOR RICE: Yes, Assemblyman?

ASSEMBLYMAN STANLEY: How did you find out about this hearing today, if I might ask?

MR. AMARAL: I got an email from a friend of mine that got an email from somebody else. I think it came from Mr. Potter, that it started with Mr. Potter. Which -- I've called him, and I was supposed to meet with him awhile ago. It just didn't work out because we try everything, I try everybody. You just need help because if we don't get protection, they'll take my livelihood away.

And I mean, there's the lady that used to work in the back and they got a notice, 14 day notice. And, you know, I don't want - don't need \$300,000 for the house. Whatever the offer. Said, I don't want it. So they didn't do anything. So they put a check with the court.

And they had to leave. The lady has moved to Elizabeth. She's 75 years old. She used to walk up to Harrison Avenue and back and she knew people. She knows

nobody in Elizabeth. She spends her days crying, and it's probably the end of her.

ASSEMBLYMAN STANLEY: Chairman?

SENATOR RICE: Yes.

ASSEMBLYMAN STANLEY: I think this is, you know, it's -- it really puts a face on this issue to hear from persons, like the testimony we just heard. And, you know, I teach American government. And we talk about civil liberties and we talk about restrictions on government. And then we come to a -- I wish my -- I wish my students were here --

SENATOR RICE: I'll come talk to them.

ASSEMBLYMAN STANLEY: -- because we come -
Actually, a couple people have. But I want to make sure they come to the next hearing, because we talk about these things and how important they are and how critical they are to our system. And then we hear testimony where people's civil liberties have been infringed upon by government. And we have to be very, very careful, Mr. Chairman.

But I thank you for coming -- I know it was not easy for you. I mean, I wanted to go -- get up and get you some water or something, you know.

MR. AMARAL: It's very emotional.

ASSEMBLYMAN STANLEY: But you got through, so that's the main thing.

MR. AMARAL: Thank you very much.

ASSEMBLYMAN STANLEY: But thank you so much for coming.

MR. AMARAL: Thank you.

ASSEMBLYMAN STANLEY: Thank you.

SENATOR RICE: Also, he -- We notified by general public notice, but staff also reached into the network. Mr. Potter was here, was called by our staff to network it out and that's the way you get the kinds of testimony like this, and it's very important.

Okay. Thank you very much. Bob, next? First of all, let me - I'm taking the liberty of the Chair to do protocol, plus I'm home in my district. The council president from the great Township of Irvington has just come in. Come on up, Mr. President, and say a few words. We're going to invite you up to speak.

MR. SOWELL: I want to testify.

SENATOR RICE: Well you can greet -- the Mayor was here earlier, he's back.

MR. SOWELL: I just want to thank you, Senator, as always and the members of the committee and thank the public for attending. Please do not let this be your last time in Irvington. We're a lot more than what you read in the press. We're a town on the move. Rest assured knowing that. Can I testify now, Senator?

SENATOR RICE: Sure.

MR. SOWELL: Thank you. I'll be very brief. I have a planning board meeting at 7:30. My name is John Sowell, Council President, Township of Irvington, 955 Stuyvesant Avenue.

And let me just share my thoughts that this is something that's needed, especially in our communities. I agree there needs to be some controls on it, and possibly a better appeals process.

And I've been fortunate to serve on the Board of Adjustment for five years in Irvington, and I've been on the Planning Board for the past five years in Irvington also so I get to see the development side and really how it has resurrected our community.

And without that tool in place, we would not be moving forward as a township. So we definitely see a need for it, but it does need to be reigned in and I think there should probably be a better appeals process.

And I do see some abuses in other communities on a national level. I don't know if that can be addressed. But I would not like to see it wiped out totally, because unfortunately there's a lot of abandoned properties in our townships, our whole industrial base is gone, and those are very unproducing properties; and this is a tool we have to turn over if somebody's going to do something with it.

And I can list a whole -- throw out a whole list of properties in our town that they may become very, very useful for us to use.

So as a legislative body of the township, please do not get away from it. But I agree with other members of the public it has to be sort of reigned in, maybe modified. But it's very, very useful as long as it's not abused.

That concludes my comments. Thank you, Senator.

SENATOR RICE: And, Mr. President, prior to coming in, you know, I let the public know and others that we've been doing this up and down the state for a number of months now. Know that we're going to have an eminent domain law.

It's not as easy as people think, to change it for a lot of different reasons. Almost like Proposition 13 in California. The question is, what does the law actually mean, what is the intent of the law, and how do we make it an effective tool, one of many tools, to help authorities, to help government, to help people grow cities, develop undeveloped properties, address the environmental problems that we never complained about years ago, when factories were there polluting and we had job opportunities.

And so it becomes necessary. But the issue is also what is fair. And it's not just fair, what a developer is willing to extend in fairness to the person that they're trying to get the property from.

To be quite frank, where government doesn't like to hear this, it's also fair -- an issue of fairness, what government's putting out. I just don't think government should be in the position to offer something less than just due, no different than the private developer.

And how did that get worked out between government who is creating opportunity for those who are doing investments and developer? That's another story. We'll have to figure that one out.

But it is an issue of fairness. And you are right. I don't know, if we didn't have these tools -- whether it's eminent domain, tax abatement, all these unnecessary (sic) evils -- how do you get cities like the Newark, the Irvingtons, the Camdens out of something that people complain about throughout the state?

And I can say this to you. Wherever urban cities go is really where New Jersey is going, and people need to figure that out. And I can also say that we can't continue to disturb the environment in a lot of the open space areas, and people are not going to allow that to happen. So we have no choice but to have tools.

But the issue is, when is it used? To me, it's not the type of tool that you use every day. It's not the type of tool that you say, Bob, come in and we'll take care of this. Bob's first approach should be to the people you

want to purchase property from. That's number one. And then find out where we are with that. We do have developers in town who don't like government, and they go out and they offer people what the property's worth and even more, and they just purchase it. Because when they calculate the dollars, they recognize that, I can afford to do this because at the end here's what my number is going to look like if I can sell that house for my number.

And so we're trying to get something more meaningful. And I just want to thank you for taking the time for coming over from Town Hall. I know you have your meetings tonight because we were scheduling through you, the Town Hall, and we had the meeting. But thank you very much.

MR. SOWELL: And I appreciate it. My final comment. I agree with you that there's a big emphasis on the cities because the infrastructure's there. That's why. And there's a big issue of suburban sprawl. So we recognize that, and we see that. That's why it's a useful tool for us in the urban areas.

And I live in town, been here for a long time. I don't plan on moving any time soon. But it's definitely something that's needed. It's nice to know that it's only going to be modified and not taken away.

But thank you, all. Have a good evening. And right to my next meeting.

SENATOR RICE: Okay. Thank you. Next, Bob. Assemblyman, do you have any comments or questions? I'm sorry.

ASSEMBLYMAN STANLEY: No.

MR. ROTHBERG: Linda Brnicevic.

MS. BRNICEVIC: Brnicevic.

MR. ROTHBERG: I'm sorry. Would you please spell your name for the transcriber?

MS. BRNICEVIC: B-r-n-i-c-e-v-i-c. Linda Brnicevic, 20 Talmadge Avenue, Bound Brook, New Jersey, Somerset County. Thank you for having this hearing this evening.

I have oral testimony, and also I brought some written which is a little bit more detailed. But I wanted to make this a little bit more personal.

SENATOR RICE: Excuse me. You have written with you now?

MS. BRNICEVIC: Would you like the written now?

SENATOR RICE: Just give them to staff and they'll distribute.

MS. BRNICEVIC: Sure. I live in Bound Brook, New Jersey, as I said. I'm a flood victim from the Floyd flood of September 16th, 1999.

Immediately after the Floyd flood -- I don't know if you folks are familiar with the national disaster that we

encountered -- the borough declared a redevelopment area of 200 acres.

They knew at the time that redevelopment probably was not going to take place for 10, 15, possibly 20 years in the future. So we are now seven years after the flood -- have no idea what our future is.

The borough basically adopted a plan to plan for the next 30 years. The developer that was given contract to 150 acres of that 200 acres will not develop 'til flood control is in place.

So due to the fact that there is no flood control, the borough has not redeveloped or even improved, especially my area of town, which is the west end, which is - it's been broken out into two areas.

So what we have here is a situation where immediately after the flood -- and I have some pictures too if you'd like to see what, you know, we were encountering, you know, this is -- these are some pictures of my basement.

I mean, you know, we got wet. Certainly you can clean up after this. My house didn't wash away. But the process had begun, you know. Here, this is my apartment on the first floor and you can see -- here you're trying to get your lives back together and the borough started the process of redevelopment, which means that you could potentially lose your home.

So -- I didn't want to get emotional.

SENATOR RICE: It's all right.

MS. BRNICEVIC: Sorry. I apologize.

SENATOR RICE: It's all right. Take your time.

MS. BRNICEVIC: So -- so the problem here is, there's a time line where there's an issue here. There's a vagueness in the statute that the borough was able to adopt a plan, an outline, and that is it. So the time line element is certainly an issue.

The issue of immediately adopting something like this after a national disaster is an issue similar to Katrina in Louisiana, with folks not knowing their future there. I mean, we were like the precursor to Katrina.

There's also a racial -- oh, thank you, sir -- there's also a racial element here. My neighborhood is primarily a Hispanic minority community that the borough -- Basically, this was a silver bullet to cleanse the area, to remove the Hispanic folks from the area and build and bring what they wanted to bring in.

With saying that, the Department of Justice investigated the borough, and the borough entered into a consent decree with the United States Department of Justice. They found that the redevelopment plan was flawed and does need to be modified. But we are still, once again, not knowing what our future is while that process takes place.

I took the case to the Supreme Court, the Appellate Court, and the New Jersey State Supreme Court and was denied. My petition was denied.

I guess, you know, one of the biggest things here is to look at the civil rights, the impact that this has on people's lives. We're, I think, probably the poster child for the worst way you can handle a national disaster and treat a community and population of people.

You know, like I said, I got wet in 1999, but I could be developed for the next 30 years and have no idea when and how that's going to happen.

Just to touch upon the environmental justice issue a bit. You know, clearly EDIP funding has been diverted from my area of town, trash cans were removed, borough councilmen, you know, they've put welcome banners throughout the borough. And when I asked about, why we can't have welcome banners on the west end of town, the response was, I don't know if the pole's going to be there. Well, it's two years later, the pole's there, so there's clearly an intentional blight that has taken place once a designation is declared.

I think I pretty much covered everything. I mean, there's more detail about the process here and the human rights aspect, the open public meeting rights flaws, you know, closed session meetings, behind door meetings.

I mean, I have years and years of documentation because what happens is, this consumes your life, you know. You either choose to say it's not going to happen to me. "Linda, forget about it," you know. Because you're educating the public at the same time you're trying to recover from the disaster, you're trying to educate yourself in the law. And, you know, you have to make it your life. You have to attend every meeting to find out, like, what's going to happen.

And it's just, you know, if something like this is legal, then anything goes in this state, you know? I mean, it's just obscene and the courts, I'm sorry to say, they really are not addressing this and looking at it.

And the Legislature -- I mean, the legislation has to change. I mean, I'm really appealing to you folks to really take a hard look at this. And there needs to be a balance, and it's a huge injustice.

SENATOR RICE: Let me assure you that we're going to be looking at this. I'm going to look at them and I'll have staff analyze it.

MS. BRNICEVIC: Mm-mm.

SENATOR RICE: Just glancing through it, I recognize the concerns you've raised. That comes to my mind if, in fact, you're talking about blighting versus redevelopment area, how do the two come together. What

comes first?

And then if it's a redevelopment area, what is a real plan? And that becomes very important, because a plan is something that is normally reasonably thought out, with some rationale to it. It has, to some reasonable degree, coincide with the plans of the state and the things that we are doing.

And it seems to me that there needs to be some time frames as to how are you going to implement a plan, when you're going to implement a plan.

If you don't have people on board ready to implement, I mean, you're putting out RFPs and nobody's responding with your concern. And so let us take a look at this, to make certain that some of the concerns you raise are not already in on the stack of hearings, amendments that I already have that I'm looking at versus other materials.

But we assure you we will do that, and we will try to make certain that, you know, that the press or those of us in the state try to stay in touch with the people as best we can as we move forward with the hearings we are having.

I suspect that sometime in November, I'm going to be at the conclusion of the public hearings. When I say public hearings, they're all public, but in terms of me going into the various communities up and down the state to hear from people like yourself. And these comments are

going to be laid out and we're going to be sitting down saying, okay, this is acceptable, this I cannot address now, maybe in other legislation. This is not going to even fly through the Legislature. And I know I have to get a bill passed.

That's why we're (indiscernible) these comments and see where there are conflicts in comments and what does that mean. But we are hearing from everyone: the private sector, the authorities, local government, state government, county government, the residents. We want to hear from everybody and that's why I'm taking a liberal process.

MS. BRNICEVIC: If I could just make one more comment.

SENATOR RICE: Sure.

MS. BRNICEVIC: There is - there's a known disincentive to invest in an area that's been declared a redevelopment area by the folks there. And that's done by design.

Declare the area as soon as possible, take control of the land, and discourage investment in that area and by the very people that live there. So here you are faced with a national disaster. You need to fix your house, you need to live in that house. And this was a -- this was by design. They wanted us not to invest in our properties because they knew at some point in time they would take it.

They probably hoped immediately, but then the DOJ stepped in and that changed their plan for a bit. But it's still uncertain, and I do urge you to -- to really look at this and take it very seriously.

Thank you for your time.

SENATOR RICE: Thank you. How long ago you said this has been now?

MS. BRNICEVIC: The flood was September 16th, 1999. Seven years.

SENATOR RICE: Seven years.

MS. BRNICEVIC: And I -- I asked repeatedly at council meetings, you know, what's my future? I live in a house, by the way, that is still not finished. It's a two family. It hasn't been rented since the flood.

SENATOR RICE: So technically --

MS. BRNICEVIC: I'm not doing it for income, I'm not doing it, you know, I mean my house --

SENATOR RICE: I understand.

MS. BRNICEVIC: It's principle. It's just very wrong.

SENATOR RICE: Technically in your area, your community, what you're really saying is that you have people who are under the impression that something is going to happen, and it's been seven years they've been under the impression, and therefore they can't make a determination

whether to jump ship, fight back or what.

In other words, they're kind of in a holding pattern, and so you're scared to invest dollars, you're scared to do this, you're scared to do that because --

MS. BRNICEVIC: Absolutely. You're held hostage basically.

SENATOR RICE: I got you.

MS. BRNICEVIC: I mean --

SENATOR RICE: Okay.

MS. BRNICEVIC: -- you know, you're held hostage and also, you know, within seven years a lot of people come in and move. You have different people. And I'm sure they were not disclosed, the fact that they're in a redevelopment area.

SENATOR RICE: We need to make a note, Bob, staff, to check on, number one, the time frames when we go into these blights and redevelopment areas. We need to make a note to review this whole aspect of planning. What, in fact, that means of a municipality. If you're doing nothing, you don't need anything, you know. That's the way I look at it.

And we also need to look into making sure the notices, stuff that we discussed, is going to make people aware we're coming in also. That there's this unknown hanging out there. Thank you very much.

ASSEMBLYMAN STANLEY: Chairman, if --

MS. BRNICEVIC: If you're ever -- if you're ever interested in a public committee, volunteer committee, I mean I'd love to volunteer and I'm sure I could find some other people too. I mean if that's -- I don't know if that's an option but --

ASSEMBLYMAN STANLEY: I just have a couple of questions.

MS. BRNICEVIC: Okay.

ASSEMBLYMAN STANLEY: One is when your -- your home now is considered blighted or --

MS. BRNICEVIC: Yes.

ASSEMBLYMAN STANLEY: Okay.

MS. BRNICEVIC: I'm in a redevelopment area.

ASSEMBLYMAN STANLEY: Now does that affect the -- and I imagine it does -- but, maybe you can just confirm. Does that affect the value of your property?

MS. BRNICEVIC: Sure it does, because I - Well, first of all I have them fix all of the house, so right then and there it's been devalued just by the fact that -- I have a 100 year-old stone house, and we were in the process of restoring it prior to the flood so my renovation might be a little bit different than someone else's going to Home Depot and slapping up some vinyl siding. I was restoring an old historic home. So that's a little different and it takes a

little bit more time and craftsmanship, and that's what my husband does.

So, yes, it definitely does devalue the property. Absolutely. I mean, you know, I couldn't -- I could not sell my property and live with not telling someone the danger they might encounter by buying it, you know?

ASSEMBLYMAN STANLEY: Yes, and that brings me to my second point. If you sell your property, do you have to disclose that the house is in a blighted area or that it's been designated as redevelopment?

MS. BRNICEVIC: Well that's for -- that's for a real estate lawyer. But I don't think we have a disclosure, we have something called damage --

ASSEMBLYMAN STANLEY: We do. It's a couple of -- somebody's nodding yes.

MS. BRNICEVIC: Yes? Okay.

ASSEMBLYMAN STANLEY: That is true. Now when -- for assessment purposes, does the town differentiate between a property in a blighted area versus a -- maybe you don't know the answer to this, but --

MS. BRNICEVIC: Well --

ASSEMBLYMAN STANLEY: I think it would be something that we should look at.

SENATOR RICE: What's the question, Assemblyman?

ASSEMBLYMAN STANLEY: Does the town differentiate

between a blighted house -- like if you have a piece of property, a one-family home, that's a certain square footage and I guess make and model, so to speak, in one part of town that's considered blighted versus in another part of town it's not considered blighted, does the town differentiate between those two for assessment purposes and for property tax purposes?

MS. BRNICEVIC: What - I'll answer after.

ASSEMBLYMAN STANLEY: Yes, maybe the Senator.

SENATOR RICE: No, not necessarily. It depends on the revaluation because revalued is driven by "market value." And when I said that, when we just -- when we finished revaluing each municipality, depending on what was done with that property, that value may stay the same or may go down. You may have been paying too much in the first place.

So even though you may be in a non-redevelopment declared area, I'll give you a good example. If you look in the city of Newark and look at Vailsburg, for example, one family home on first residential streets and, you know, you're talking a block, two blocks from Maplewood, South Orange, were paying five, \$6,000 for a one family house. Because of the period of time that reval came in -- it took so long to do it -- initially when we looked at it from council, those properties are going to get a big hit. But

when reval came in, they dropped down to the area of maybe 3,000 or someplace in that area, but it's not a blight area basically, okay? And some of the blight areas in the Central Ward, et cetera, when they did the reshifting and reval, properties that are different in terms of the condition of the property and the neighborhood, went up in taxes.

And so the point is, is that yes and no. But I think the issue that you're raising, that's being raised here is how do we define blight and how much we'll allow people to do. For example, there was a time in the city of Newark when I was on council that we would not let people -- we would not allow the administration to blight a whole area because our thinking was it discouraged the development, that the same thing we were trying to accomplish when, in fact, it didn't in some instances, because when you blight a area some people think, well, something good's going to happen, and even though I'm on the low side of the economic scale now, it's going to improve and make it better for me and that's my investment.

ASSEMBLYMAN STANLEY: You're on the low side of the economic scale? No, I'm just kidding.

SENATOR RICE: So what we would do was, we would say, hold it. If you want that lot and that lot, we would pass a resolution to blight those two pieces of property

only. And then it expanded where a city started to say, you know what? They keep going before the council getting this lot blighted, so why don't we just do the area in need of redevelopment and we may not, you know, address all of it because it may not be necessary, but at least it's in the piece.

And that kind of that scenario that takes place. And that's why we have to revisit as to, when do you blight. There's a difference between an area in need of redevelopment and blighting.

I mean, you know, an area of redevelopment you can put on RFP out and say, I need to redevelop this area, some of the things I'm going to do. And the proposals will roll in, people come in, and they're on their own.

You know, you go talk to Mr. Smith, you go talk to Mrs. Johnson. That's totally different. But once you get the area in need of redevelopment, what you're doing is, you'll get investors coming in saying well, we can do this project with no problem, but we want to do this master thing. And they're looking at money, they don't look at anything else. And it may be a good project for the town, and therefore we need these properties, but we don't want to spend the time going out talking to 100 neighbors. We know that if we talk to them we can get 90 of them to agree. And we'll treat them fairly. We have ten that's going to tie us

up in court for the next ten years, and therefore we'll never get this project off the ground and we don't want to start to half-build a project and get hung.

So all these things have to be worked through, to how do we make the process from point A to point B a smooth transition, allowing authorities and governments to do what they constitutionally should be doing: providing a quality of life that is safe and healthy, and opportunities for everybody.

But by the same token, do what the Constitution said we should be doing, and making sure that there's fairness in the process. People's civil rights aren't violated. There's just and fair compensation if that's necessary; or people not relocated unnecessarily when they can fit into a project, depending on the type of project. And that's what this thing is really all about.

MS. BRNICEVIC: What the borough did do with us, they did across the board, 25 percent lower the assessment of our value of our home in the redevelopment area, and I believe they did it to meet the criteria F of the property being altered by storm or cyclone, materially depreciated. And that certainly helped -- that material depreciation because they across the board just cut your assessment. They said they were giving you a tax break, but --

SENATOR RICE: Well, another thing that -- and

then I'm going to let you go on this because we have other speakers -- but one thing we need to look at in the future, we can look at some of it now. I'm not so sure if it totally fit in, because there's a separate statute on it. But townships have the ability to play -- this is my opinion and I haven't thought it through, I'm just thinking it now -- the ability to play the games a little differently when revaluation takes 20, 30, 40 years to accomplish.

Because the whole notion of reval is to really make sure that you're getting a reasonable, fair assessment on your property and that you're not paying more money than you should be paying for that property in taxes and he's not paying less than he should. And that's the whole idea.

The statute said that we're supposed to be doing revaluation every ten years. For a lot of different reasons, we don't compel that and a lot of different reasons we have not insisted.

And some of the arguments from the townships about why they're not doing reval makes good sense. For example, Newark has so much exempt land of government that the formulas don't fit and government doesn't want to help. But eventually, they were compelled to do it.

If, in fact, we insist some kind of way that there are no exceptions to the rules without heavy penalties, the reval will take place. If every municipality is revaluated,

as much as people hate it -- if there's reval and they reval on time, number one, your tax doesn't go up as much, but you have a better idea of what that property is worth in terms of the assessment, what the true assessment is, before you even start negotiation with "blight" and all this stuff. Because that's not going to change. That's there. And these are the kinds of problems you run into, and we have to look at some of the formulas. But thank you very much, okay?

MS. BRNICEVIC: Okay. Thank you. Thank you very much.

SENATOR RICE: Next, Bob?

MR. ROTHBERG: Our next speaker will be Bill Potter.

SENATOR RICE: While Bill is coming up, I want you to know that I have a good mayor. Our mayor is running through town, went to meetings. He's back here to learn more. Good to see you again, Mayor.

MAYOR SMITH: Thank you, sir.

MR. POTTER: Thank you, Mr. Chairman, and Assemblyman Stanley. I haven't seen you in awhile. You're looking good. You working out?

ASSEMBLYMAN STANLEY: Yes, trying. You know.

SENATOR RICE: He jogs every morning. He lives over here. He runs through the block where I live. He runs

down the street and he's jogging, working it out. And I'm driving, keeping it down. You know, I keep the lights on him, but he's working out.

MR. POTTER: Well, don't run him down. I'm sure you won't.

SENATOR RICE: Can't do that. He's my partner.

MR. POTTER: Thank you very much for holding this hearing. My name is Bill Potter, for the record. I'm with the law firm of Potter & Dickson. I'm an adjunct professor at Rutgers Law School in Newark. I'm also a lecturer at Princeton University.

And I have the great honor to be the chairperson of the Stop Eminent Domain Abuse Coalition, which has a website: stopedanj. Previously we had the unpronounceable name of the New Jersey Coalition Against Eminent Domain Abuse, and we changed it simply to Stop EDANJ.

And I recommend you go to the website. Among other things, it has a fairly comprehensive listing of municipalities throughout the state where it is our belief that abuse is taking place in the name of eminent domain and redevelopment.

This coalition began in February 2006 when people from 27 municipalities in New Jersey, plus New York City, Connecticut, and Pennsylvania, came to Princeton University in a citizens forum hosted by the -- by students at

Princeton, the Princeton Justice Project and I am faculty advisor to them.

And it was a very moving day when people got to describe what was going on. I might just briefly -- if I might just run through the names of those municipalities if I may, Mr. Chairman?

This is in the order in which they signed up so it's not in alphabetical order. Westmont, West Windsor, Princeton, Camden -- very large contingent from Camden came to the meeting and they're very active in the coalition -- Wildwood, Basking Ridge, Bound Brook -- Linda and others came -- Highland Park, Ventnor, Somers Point, Riverton, Piscataway, Maplewood, Long Branch, Newark, Carteret, Moorestown, Lawrenceville, Linden, Neptune, Asbury Park, Mount Holly, Lodi, and Trenton.

So we -- The coalition is broadly representative of New Jersey, where abuse is taking place. I guess the first question is, what is eminent domain abuse, because let me just be clear, Mr. Chairman, we do not oppose the use of eminent domain for public projects, schools, roads, and so forth. Certainly there may be instances where it's improper to take property even for those purposes. But our main concern is the use of eminent domain in the post-Kelo v. New London era, for purposes of economic development or redevelopment in which private property is subject to being

taken for the purpose of transfer to another private owner who it is alleged or assumed or believed will enhance the community more than the current owners do.

We think that as the Public Advocate professor -- or -- Ron Chan, he's not longer a professor, I guess. Ron Chan is a Public Advocate. He has pointed out, the blighted area section of the Constitution, Article 8, Section 3, permits eminent domain for purposes of redevelopment of blighted properties. Now one of the things that happened in 1992, a commission chaired by former state Senator Lynch recommended that they change the name. No longer does it appear as the Blighted Area Act, which was enacted in 1950, I believe, shortly after the adoption of the constitutional amendment that permits taking property under the blighted area section, Article 8, Section 3. Changed the name to redevelopment area, or area in need of redevelopment. Now I would suggest to you that the mischief began with the name change. Suddenly, people did not know what was intended by this act.

I've had people call me up and say, I just found out I was in a redevelopment area. Does that mean they can take my property? And I have to say, yes, it does.

There are -- In Princeton, with all their consultants and wealth and so forth, they were informed by people hired to consult with them that they didn't have to

find blight. It was enough to say it was in need of redevelopment. And what did it mean to be in need of redevelopment? Well, there was a consultant who said if it is possible to redevelop this property to produce more revenues, then it's in need of redevelopment. You know, it's ipso facto, right? It's definitional. If you can think of a better use, it's in need of redevelopment.

That is not what blight means. Now Section 5 of the Local Redevelopment & Housing Act has eight subcriteria or subsections as to what it amounts to, in need of redevelopment.

I'm not going to go through each one of those separately, but what has happened is that consultants do what I refer to as "drive by reviews" of property. And I literally mean that.

Two nights ago, I was at a zoning board meeting and I was chatting with a planner -- whose name I will not reveal -- but he described to me how some years ago he was asked to work with another senior planner and they literally went driving through municipalities and he said, oh, that one is, that one isn't, that one is, that one isn't.

And he said, wait a minute. I can't keep up with you. He was declaring properties in need of redevelopment literally by driving past the properties.

Now, this kind of thing was never contemplated in

our Constitution. The powers created by a blighted area designation, a/k/a redevelopment area, are truly awesome powers. They are all abridgements of our traditional democratic values. They are there because of the extraordinary situation of blight, which is taken literally from the term used with the potato blight in Ireland. And it was first started being used by good government groups in the 1930s.

And the theory was, it was a cancer on the community. This piece of property is so contaminated, it is a crack house, it is so dilapidated, it is so uninhabitable that its poison, if you will, is spreading outward. So it was a very severe situation that was contemplated when the Blighted Area Act and when the blighted area movement began.

But now we see where we have consultants who are traveling around the state, that one is, that one isn't, oh that one is. And literally, the situation has become so bad that in one municipality, the Borough of Paulsboro, land was declared to be in need of redevelopment because it hasn't been developed at all. It's simply open space, trees, wetlands, spartina phragmites, cattails, and so forth.

And the developer said -- or the consultant said, I was there. All I could see were trees and cattails and wetlands. I didn't see any development, so therefore it was in need of redevelopment. And that was sustained by the

Superior Court, Law Division in Camden County. And then the Appellate Division sustained that on a three-judge panel. And two days ago I received word from the Supreme Court that they are going to hear that case, and I'm pleased to say that I'm representing the owners of that property.

So it's -- Mr. Chairman, it's gotten out of hand and --

SENATOR RICE: They sustained that under the statute?

MR. POTTER: Yes, sir. That's correct.

SENATOR RICE: The redevelopment statute, right?

MR. POTTER: That's correct.

SENATOR RICE: Okay.

MR. POTTER: And now the Supreme Court's going to hear this appeal. The Supreme Court has never dealt with the local redevelopment and housing law, the 1992 amendment. So we're very excited about what this could possibly mean. And I'm sure that Mr. Chairman and others will also be watching this case very closely.

We're hopeful that the Supreme Court will help to reign in this frenzy of redevelopment that's occurring. We also hope that this panel will promote a change there.

Now, in sitting here listening, I'm not going to try to tell you each specific change that has to be done. The public advocate report, I think, is a very comprehensive

report. And Mr. --

SENATOR RICE: But he's not totally right, and I told him that.

MR. POTTER: I beg your pardon?

SENATOR RICE: He's not totally right because he's an attorney, and I told him that. He's on track, and a lot of what's in his report came from us. But he and I, we will be talking. I just wanted to let you know from a lawyer - I'm not an attorney.

MR. POTTER: Okay.

SENATOR RICE: I explained to him when he came in. I know he wanted some good media, he had just gotten, you know, got appointed, that he's not totally right. Because if he had his way, he would abolish eminent domain period.

MR. POTTER: Oh, I don't think so, Mr. Chairman.

SENATOR RICE: Well, I'm just letting you know. I want the public to know because I don't want them to rely on the Public Advocate we appoint, his total vision, in light of what he said we agree with. Some of what he said, we don't agree with. And I told him that.

And a lot of what he indicated in his report came from what we had done before he even got appointed, what we had put together before the Burzichelli legislation and committee hearings started.

MR. POTTER: Well, I hope he didn't --

SENATOR RICE: But just keep that in mind.

MR. POTTER: I hope he didn't plagiarize your work.

SENATOR RICE: No, he didn't plagiarize. We gave him permission to move forward, you know.

MR. POTTER: Well I hope you get some of the copyright on that.

SENATOR RICE: It was our legal minds because no one has a monopoly on brains when it comes to being a lawyer.

MR. POTTER: That's so very true.

SENATOR RICE: And so we have some too. Okay. Go ahead.

MR. POTTER: Well, I think the fundamental principle that the public advocate was making, and that I would second, is that non-blighted property should not be subject to being taken. And that we have to get back to the original definition, the original concept, of what is blight.

And blight is not something -- it does not mean, gosh, we can do something better with that property. Because by that standard, there really is no standard. It really becomes a matter of, has a redeveloper appeared to tell you that they could put in a five story building because there's only a two story building, they can put in a

-- well, Justice O'Connor referred to putting in a Ritz Carlton hotel where there currently is a Motel 6 or 8 or whatever that number is.

SENATOR RICE: Motel 6.

MR. POTTER: Motel 6. Okay. But the point is, you don't want this to be used as a stealth war on the poor or a stealth war against working people who get, you know, dirt and grime under their fingernails. This should not be used for purposes of bringing in nice clean retail business and getting rid of those hardworking blue-collar people who help to make this state run and function.

Just a couple of quick points and then I'll leave.

I think that something that is -- that, Mr. Chairman, you've talked about the importance of fairness and equity and I'm delighted to hear that. And I think one of the fairest and most equitable things is in the valuation process that takes place at the time the property will be taken. If people know that they will get fair market value based on the future redevelopment of that area, then they can say, well, then I can actually be paid what would occur if I were to sell my property to that redeveloper in a negotiated process. Currently, you're prohibited from taking into account that future value. And I think that is known as the project enhancement doctrine.

Now, that makes sense when you're talking about

taking private property for, say, a school or a hospital or something like that. But when you're talking about transferring Mrs. Jones' house to a major multi-billion dollar redeveloper, it doesn't make sense. That is, the poor are subsidizing the powerful, and that's totally improper.

And I would point to -- Mr. Ward is quite the authority on this project enhancement doctrine and he's got a wonderful article about it on his blog. I'll be his publicist here for a moment, and just say that I learned a lot about that.

Another thing that I think is very important is the procedure before the planning board at the time they do an investigation into whether property is in need of redevelopment. What occurs all too often is that you get ten days' notice. Ten days is not enough time to prepare an adequate -- and adequately be there at the hearing, to go into these issues. I think it should be at least 30 and probably 45 days' notice. After all, the consultant has been working on it, unless he's just driven by the night before, which is also possible.

There needs to be a right of cross examination. I think that is a basic right, and I think that is also basic to getting the facts out. Currently at a planning board -- and I know someone was leaving to go to a planning board --

there is the right of cross examination if, you know, Mrs. Jones wants to put a new garage on her house. So shouldn't there be the right of cross examination in something as fundamental as determining that you live in a blighted area? That should be in the statute.

I take issue with the grandfathering clause at the end of the bill, which states that it will not apply to any final municipal action that has been done before the 90th day, I think. Unless there is a really profound showing of investment being made by the municipality, I think the act should take effect immediately.

We've got a lot of projects and a lot of abuse that's in the pipeline and we need your help, very much so. Thank you very much, and I'll submit some written comments later. I appreciate it.

SENATOR RICE: I certainly appreciate it. And some of the areas that the public advocate does agree on is the area of equity and definitions of blight, redevelopment.

Also, just for your information, for those who are here, we are looking at the procedure before the planning board. We're also looking at the possibility of extending the date -- the deadlines, even the process and the deadlines of appeal.

MR. POTTER: Good. Good. That's very important. Thank you.

SENATOR RICE: But in order to make sure that government can do what it's constitutionally mandated to do and that people - You've got two types of politics out here. You have those who --

MR. POTTER: Only two?

SENATOR RICE: In essence, yes. You have those who want something to happen and those who don't want anything to happen. And in between that you get these little sub groups with special interests, that do kinds of crazy things.

My problem is that -- and I've been through this where people, individuals and sometimes groups, their whole mission is that we're with you because this makes sense. Their real intent that never comes out -- they don't ever want anything to change, whether it's dealing with open space, water, cities, corporations, affirmative action. You understand what I'm saying? And so we know that when we put a deadline to something with the exception -- with certain exceptions, we've got to eventually say that's it, you know, because you can't stop progress where it's needed.

The problem with school construction, besides the abuse, is that rather than addressing the abuse -- and we think we have that tightened up, we had this meeting this morning -- there are those who just don't want schools to be built, period, even though they are needed.

And the more they play that game on the auspices that we want to help, but we can't build. And when we can't build, if you talk to any contractor or developer, the facts are rolling every day. Sheetrock went up five cents more, steel went up, so and so.

So by time we get back into the courts, you're going to -- and get the judge to say for the hundred thousandth time, you will build us schools -- it actually costs the taxpayer this much more. And so as we move this process, once again I've got to be cognizant of the taxpayers and voters first. And, as you said, what's fair. What is blight? What do you do for a community?

I came home from Newark in 1967 -- the night of the riots -- from Cuba after five months, only to shortly get orders for Vietnam after that, and came back. Nothing had happened.

I went on council in 1982. Beat the guy seven to eight but they stole the election. That was all right. In '82, nothing basically happened in Newark. We had to change state laws. People criticized us for doing abatements. But we had to find tools. We were very limited then as to, how do we get you interested in taking care of that one little 25 x 100 lot?

When you computed it, it didn't make sense for you to invest your money. In the meanwhile, people living in

Deal, New Jersey and Princeton, New Jersey -- and we can talk about the history of Princeton too, who used to own a lot of that land down there -- and out down West Caldwell area, et cetera, who fled these cities, continue to criticize us. Even today they criticize us, because they never come in to see what's happening to these cities in terms of growth. In the meanwhile we are struggling people who can't get jobs because they are gone.

And so, the urban setting more so than suburban settings, we have to figure out how to get the right kinds of tools in place to make things happen.

I've been a part of some of these tools for 21 years and they work. What I don't like is the abuse in them.

And what I don't like are the compromises we have to make in those past years, in order to get legislation through. The time is right to revisit the areas you are talking about. And they still may not be perfect. The time is right to visit the other statutes that address this because we're in a whole different era now. We have different types of technologies. We have different types of ways and means that we can get things done.

By the same token, state government is telling cities that we're not going to help you, there's no such thing as distress in our mind, there's no such thing as poor people in our mind. Let them fend for themselves. That's

the mentality of state government. Whether you like to know that or not, that's what it is. I'm there 21 years. They may tell you, that's not the way they feel. That's the way a lot of them feel.

And so we don't want handouts, we want help. We don't want our residents abused. The mayors I talk to -- and that's all of them basically, but particularly the urban mayors -- When I talk to them, their greatest concern is what we don't want to happen. They don't want people relocated unnecessarily from the community. We don't want our population -- from an ethnic perspective, New Jersey is a segregated state. But it's not segregated the way the south was, for the reason the south was.

It's mostly segregated because people choose to be around people. Some is language, some -- et cetera -- with their comfort zones. They don't care if I move next door or you move next door. That's just where they want to be. And that's how we got such great diversity in some of the areas.

And so -- so the thing is, like people said, look, I just don't want to leave the neighborhood. I don't care how bad it is. I just don't want to leave because my life's here, my friends are here, and my values are here. And we respect that.

And so the biggest task that mayors have, particularly urban mayors, is how do we maintain the

majority of our population who have gone through these struggles that other communities haven't gone through, and at the same time not rely on the state government to keep saying, all we do is beg and poor people in urban cities don't care. And then you have the federal government cutting everything to trickle down to the states so we have to raise revenues and cut back on -- I mean, we have a real mess on our hands.

And that's why we have to make sure that a tool isn't abused. And I just don't believe that eminent domain was ever intended, even today, to just use every day. You know in the past it was not used that often.

MR. POTTER: That's correct.

SENATOR RICE: But it's like every city around now is using eminent domain.

MR. POTTER: That's correct.

SENATOR RICE: And we have to slow it down, the use of it. And the way to do that is to say, hold it, let's define blight, let's talk about what you're doing because you may have a need in your township to use it on every project just by looking at what you have to do. You don't have a need to use it but maybe once in a lifetime. But we're allowing it without being subjective while we're objective in our review of that tool.

And that's where we are trying to go. I am

listening. I do know a lot more about this stuff than people think. They don't ask me what I know.

MR. POTTER: You've convinced me you know a great deal about it.

SENATOR RICE: They don't ask me too much, you know, because I went to the Newark Abbott district schools. They think that we didn't learn. We learned well back in the 60s, okay? Very well. Okay.

But I really appreciate you coming, Mr. Potter. On a serious note --

MR. POTTER: One of the things that can be helpful --

SENATOR RICE: -- wish you luck in court there. We'll be paying attention, okay?

MR. POTTER: Well, thank you. One of the things that can be helpful is where the private owner of the property is ready, willing, and eager to redevelop or improve that property. That should be enough to delete it from the list of properties to be condemned.

All too often these -- you find that a property is included within a redevelopment zone and that -- and often that's when they call me. And then we -- they say, but I went to the municipality and I said I've got plans to redevelop. I've got an application pending at the zoning board to convert or whatever.

And then you look at the evidence used to designate it as in need of redevelopment. I'm -- without disclosing anyone - I'm thinking of a piece of property, industrial property, employing a number of small businesses, minority owned and so forth, and the evidence that it was a -- in need of redevelopment included such things as cars parked illegally in front of it, graffiti on some of the walls.

But no one went inside and saw the people working very hard, doing productive work, getting paid wages, and so on and so forth. And that would be eliminated. So there was a land owner who was ready, willing, and able to, if necessary, go paint over the graffiti. And the police could have told the cars to stop parking illegally. But that was used as evidence to declare it to be in need of redevelopment.

SENATOR RICE: I understand, because I can tell you when I first became an Assembly representative -- in Belleville --

MR. POTTER: Yes, sir.

SENATOR RICE: Prior to then, I went to Belleville. There were disputes, and I pushed disputes back and I wasn't even a Senator then. But I visit. One thing about me and my Assembly colleague, we will go where other people don't go. You know, you tell me something and I

don't believe it, I'm going to go look.

But we went, and I cautioned the new mayor in Irvington because he was working with some of the same people in this township, and they went to do a blight and I'm saying watch them, because I'm telling you the area in Belleville in the valley, I went over there and said, wait a minute, all these nice businesses? There's a way we can make this work.

But what happened was, one of the properties that they claim was vacant, I kept going past, kept thinking I had the wrong street because there were brand new windows, totally renovated building, fully occupied.

And I approached the mayor at that time, different mayor, and said, wait a minute. This doesn't look good. But the township didn't even take the time to check the building out, you know.

And so I do understand the politics and I do understand the issue that someone raised about drive bys. To me, there is no such thing as a drive by. That's the problem I've got with the SCI investigations on new constructions. There's no such thing, no drive by when inspecting a house.

And so you can't do a blight on a drive by. You have to get out, you have to talk to people, you have to know what's going on and what's on people's minds, because

if I go to a depressed area and I talk to ten people out of 20 stores in that area and they say, well, you know what? I just got a loan. I'm getting ready to do A, B, C.

MR. POTTER: There you go.

SENATOR RICE: And you say, well, wait a minute. If ten of you are getting ready to do that, then the rest are going to fall in place. But if you're not talking to people, you're making assumptions because the place is rundown and looks bad.

And so we do hear you, Mr. Potter, and we will be paying attention, okay? And we'll do the best we can.

MR. POTTER: I appreciate it very much.
Appreciate it.

SENATOR RICE: Thank you.

MR. POTTER: Thank you.

SENATOR RICE: Bob, next?

MR. ROTHBERG: Our next speaker is Arnold Cohen, Paterson Community Development Network.

SENATOR RICE: Okay. Mr. Cohen, young ladies.

MS. HOWARD: Juanita Howard, also representing the Housing and Community Development Network.

SENATOR RICE: Arnold brought backup tonight.

MS. WHITE: Dorothy White, also of the Housing and Community Development Network.

SENATOR RICE: Okay. Let one start first.

MR. COHEN: Right. Yeah. I was going to begin. Thank you, Chairman Rice, Assemblyman, for allowing us to testify on this very important matter here today.

The Housing and Community Development Network is a state association made up of over 250 affordable housing and community development corporations and other organizations.

We support the creation of housing and economic opportunities for low and moderate income New Jerseyans. We're also part of Homes for New Jersey.

There were people before us testifying on a lot of different issues that are critical to eminent domain for redevelopment law. I'm not going to repeat any of them. I'm here today to talk about the affordable housing aspect of this law.

Redevelopment is by its nature an affordable housing issue because redevelopment disproportionately is likely to remove housing that's affordable to lower income families, if only because this housing tends to be in the worst condition and located in areas that contain other, what we call real blighting forces. Redevelopment as a result normally removes inexpensive housing and replaces it with more expensive housing or no housing at all.

So my testimony this evening is aimed to ensure that legislation does not allow towns to redevelop the ghettos of the poor and turn them into ghettos of the rich.

New Jersey cannot afford to lose affordable housing stock. We need to have mixed-income communities.

I'd like to suggest two keys provisions to this end that were not as part of the prior legislation that passed the Assembly. One is a provision for one-to-one replacement of any housing which is affordable to persons of low or moderate income, and have them so that we're not losing that housing stock as we're redeveloping a community.

The second is, where we are redeveloping a brown field, an old factory, that 20 percent of the new housing that goes into that area is, likewise, affordable. And, again, it's critical that we're able to then maintain those mixed-income communities and we're not seeing what we're seeing over, you know, in Jersey City along the Gulf Coast - - Gold Coast -- excuse me -- in where, you know --

SENATOR RICE: They got that too.

MR. COHEN: It's just -- yeah and they got their, you know, expensive golf courses there too. Where, you know, it's just unaffordable to people who have lived their whole lives in Jersey City.

In addition there's some provisions that were in the Burzichelli bill that we think are important and should be carried into any legislation that you do, Senator Rice. Clearly, if you have housing that's deed restricted, you want to replace it, you want to adequately compensate

homeowners who lose their property so that they can afford to purchase a home somewhere else.

You want to be able to provide renters who don't want to move into the redevelopment area -- the new redeveloped area -- for whatever reason, with a voucher beyond, you know, the four years so, again, they can afford to be able to have a good roof over their head.

And we also think that including an amendment of the Urban Relocation Assistance Act to increase that relocation assistance payments that are currently in 1972 dollars to 2006 dollars. It's standalone legislation. The Burzichelli bill incorporated into the new redevelopment law. It makes sense to bring those two things together.

Finally, any bill you consider should of course ensure that redevelopment projects are implemented for the benefit of all through an open public process and eminent domain is used fairly and only when absolutely necessary to achieve critical redevelopment goals.

Redevelopment can be a valuable tool. But legislation is needed to ensure that it's not abused, and that it both protects longtime residents and businesses in the redevelopment area and maintains affordable housing.

So I want to thank you for the opportunity to bring in this aspect of what you're doing, and I commend you in taking on this important area.

SENATOR RICE: Thank you. Young lady?

MS. HOWARD: We respect the Committee's time. We don't want to reiterate what Mr. Cohen said. We're here in support of the network also.

SENATOR RICE: Do you want to say hello to Assemblyman Craig Stanley?

(Laughter)

ASSEMBLYMAN STANLEY: Well, they said that earlier.

SENATOR RICE: Okay. First of all, let me say to the Network, to those who are here, thanks for coming. The issues that you raised are things that we're giving really serious consideration in terms of some of the amendments incorporated in the bill.

We did take a good look at the Burzichelli bill, and he and I will be talking later. There are some good provisions there. There are some things that may not go far enough and there are some things that may go too far.

MR. COHEN: Mm-mm.

SENATOR RICE: But we try not to react to the public and the special interests. We try to respond. We try to listen, be objective about it, and not say, well this is good politics, good apple pie, motherhood, because it sounds good. We try to think through, is it going to work? Is it going to get me to the votes I need, and protect

people in the process in terms of getting the bill passed?

And so there are provisions over there. The Public Advocate's the same thing. I mean, he came in one day and he had a report the next day, you know, there was no thought put into it, it's just that -- and I respect that.

So we're going to do that. We want the young ladies to know, and you can let others know, that we are concerned about where we live, we are concerned about single head-of-household parents. We're also concerned about the fact that we are fighting a battle at the State right now on pension benefits where people are saying, well, we don't have any money so we don't care what happens to you 30 years from now, when you retire, what it's worth.

We're going to have, for your information, as Chairman, the Urban -- Community of Urban Affairs Committee will probably be joint hearings. And I spoke to Assemblyman Green at the Housing Committee in the Assembly.

Once we get past eminent domain, we get past SCI hearings I'm holding right now, the condominium UCIOA hearings I'm holding right now, and we can make some sense of SCC which we probably won't do right away so I won't let that hold me up. We're going to start a series of public hearings on affordable housing, the whole issue of affordable housing. Because we know that the way things are going right now, in the future we're going to be landlocked

in the state, particularly in the urban communities. And everything that is affordable now will not go into perpetuity unless we address perpetuity when it becomes affordable.

We also know while we are building, we have to take advantage of the time and where the numbers work -- lock in affordability. We proved through the Mount Laurel concept, even though I think it's lousy construction in many instances and that's why the SCI -- but when Newark had no housing, and the rules changed, and Hovnanian built 1,000, 1300, 1200 whatever units, we said that they have to be people with a different income living here and the homes are going to look the same.

Some of these may be a little different. Well, we'll prove that that works.

MR. COHEN: Absolutely.

SENATOR RICE: That the problem over there, like I said, is just construction that was done, and we'll tighten it up throughout the legislation. So mixed use is the way to go as related to affordability, and we're committed to that on this committee. And I think most of my colleagues are.

So I want to thank you once again.

MR. COHEN: Thank you.

MS. HOWARD: Thank you.

MS. WHITE: Thank you.

MR. ROTHBERG: Excuse me. Would the ladies like to leave their name for the official record? I don't have your names. Just state it and spell your name.

MS. HOWARD: Juanita Howard, J-u-a-n-i-t-a H-o-w-a-r-d, with Housing & Development Community Network.

MS. WHITE: Dorothy White, D-o-r-o-t-h-y W-h-i-t-e, Housing & Neighborhood Development Services.

SENATOR RICE: Okay. Thank you very much. Next?

MR. ROTHBERG: Kim Gaddy, New Jersey Environmental Federation.

SENATOR RICE: Ms. Kim Gaddy.

MS. GADDY: Thank you. My name is Kim Gaddy. I am the environmental justice coordinator for New Jersey Environmental Federation and the Chair of the Environmental Justice Alliance for North Jersey.

I want to thank my Senator, Ron Rice; my Assemblyman, Craig Stanley; and, of course, my Mayor, Wayne Smith for being here and listening to the testimony of the various individuals that have come before you.

Eminent domain is a very, very serious issue that we must address. There are three reasons why I oppose the latest version of the Burzichelli, and I'm not familiar, Senator Rice, with all of what you're doing on your part yet.

But his bill, first of all, it doesn't ban pay to

play in redevelopment areas using eminent domain. It ensuring -- it doesn't ensure enough affordable housing, as Arnold Cohen stated. And it doesn't ensure adequate compensation and protections against displacement.

We've heard some of the stories from the individuals here this evening, and you heard the stories in Camden. I mean, Cramer Hill in Camden -- 1,000 residents are being displaced. Thank you, Mayor.

They have declared the whole city of Camden for eminent domain. It makes no sense. And so we have to begin to address these injustices because as you stated, Senator Rice -- and I want to change it a little - it's not that people come to the urban communities and they don't want to get out, some of them can't get out. They can't afford to move to other places.

So they make this their home, they invest in their properties, and then they're disrespected when something like eminent domain comes in here and they want to say, well you purchased this house for 100,000, but I'll give you 50,000. Where are they going to go with \$50,000?

It is very disrespectful to us. And so the minority -- the minority communities are the ones who are most impacted and who feel the pain the most. And we have to begin to address that because it is a racial disparity as well.

A lot of folks talked about all of the other key issues: the legislation allows for grandfathering. That is not good. I do want to talk about the failure to make victims whole or give them fair access to courthouse doors or municipal halls.

And that's what I've heard from the Harrison case, the Mount Holly case. You know, you don't get the compensation that's adequate. And you're put in a position where you feel like, why should I maintain this property, as a young man said. Why should I, when there's no real incentive for me to improve or purchase any properties here because I feel, or they feel, that it's a self-fulfilling prophecy that the area's blighted.

I came in a little bit late, but Assemblyman Craig Stanley was talking a little bit about SCS. You can look at the neighborhoods in Newark, you know, on Dewey Street -- where they took a neighborhood that was a viable, very viable and viable community, and they took that land in the hopes of creating a new school. You drive by there now. Individuals are vandalizing those homes. Crime has increased in those areas. So the residents who are on the left side of those properties, they're like, I need to get out of here. Why am I staying?

And these are some of the impacts that this whole eminent domain has also on individuals in these communities,

and we have to begin to understand that and respect it. Everybody wants to have a better quality of life, and especially minorities and individuals who work very hard to obtain the properties that they have. But to have it taken away for eminent domain, you know, I have to oppose this.

And I have to say that there is pay to play, and as a voting citizen of this state and in particular Irvington is my township, you know, you have these connected developers that come into this town and Newark and all the other towns within this state and they get what they want because of who they know. And we have to stop that. It's enough corruption in this state of New Jersey that you, Senator Rice, you should understand it needs to be stopped.

And I know that, you know, you're a hard working Senator, always supportive of community members, you're supportive of the residents, home rule, and the like.

So I know that you can understand the need for this eminent domain to really be investigated and really look at the side of the environmental injustices, the political corruption, and the lack of real compensation for these individuals.

And because I have three kids, at home I'm going to stop right now.

SENATOR RICE: Let me first of all thank you, Kim, for being here. I see you've been doing a good job with the

environmental stuff. It's been a lot of years now.

MS. GADDY: Five.

SENATOR RICE: Never thought you would do environment --

(Laughter)

SENATOR RICE: But the issue of pay to play. I need to be honest about that, as honest as I was in South Jersey. I'm not really addressing that in my legislation. Let me tell you why.

The new "apple pie, motherhood" thing to the public is, everybody's become Mr. and Mrs. Ethics. And that's wonderful. That's what we should be from day one. But we shouldn't have to publicize that.

And everybody's addressing pay to play, allegedly. Every piece of legislation, everything we do in every committee is pay to play. We have rules to address pay to play. We need to revisit those rules and tighten them up.

And so, the rules right, now if someone is doing something criminally wrong, they can be held criminally liable. If we're not going to enforce those rules it doesn't make any sense. But it's nice to keep saying it.

And so I'm not getting into that component here. I would address pay to play with my colleagues where we are addressing it. That's why it's not a talk now.

How do you get around from relationships? Number

one, in development and construction, you deal with bidding processes. But even then it doesn't work.

If you remember, I left the city council in 1998. Everybody in the world knew I went to work for Tony Gomes (phonetic spelling). I didn't do development. I took care of affirmative actions, security guards, and stuff like that.

He went to the table of a big law firm, McCarter English, lowest responsible bidder, and we couldn't get bids and live in the town. And all of a sudden someone politicking -- because I'm running for mayor possibly, I'm the bad guy for working for Tony Gomes. (Indiscernible) tell him there's no conflict there.

You know, I didn't make phone calls, didn't have to. Number one, he's lowest responsible bidder. The point I'm making is that, that's over. We have a new mayor come to town -- I'm just using our new mayor -- only been there 100 days. But when you look at it, if you look at for the law firm here that he's a member of, I don't see the conflict. Everybody else said there's a conflict. You can work for somebody you're part of.

But if you look at the contracts that went to, say, joint meeting. If you understand who the board members are on joint meetings, you understand the politics of some of the counties, union and others who pays into the joint

meeting dues, okay, and who talks to who, how these things happen.

Is there something wrong in terms of those relationships? I don't know. Was there pay to play? I don't think so, but are there benefits? Someplace indirectly we'll never know, there's going to be some benefits.

And so I don't know how to address that totally the way it should be addressed. We're looking now at folks who --even the Newark city council is saying, we're going to address pay to play. We're going to have this wonderful legislation to make sure if you do business with the City of Newark, you can no longer participate in the process of helping a candidate get elected, beyond your vote. Well that's fine, but if, in fact, everybody from outside of town is going to participate and have an interest that you don't know about because it's coming indirectly, we're right back where we started.

I don't know how to deal with that. I'm being honest about it. I do know how to put people in jail because I used to do that when I was a cop. And I also understand what some of the law said, because I went to law school. I'm not an attorney, but I went to law school. And I also know we need to tighten up some areas. So those areas I'm going to leave to those legislators, and the rest

of the stuff that we're doing with pay to play, that the Speaker and the President and the Governor's making an issue, and we're going to come up with something, I'm sure, on pay to play.

On the other piece of it, I'm 100 percent trying to get as much as I can in this legislation. We cannot allow the Dewey Street scenarios to occur, or the Irvington scenarios on 21st Street. The worst situation is down in the Gloucester area and stuff like that.

Where someone's home is taken, number one, you have a quality community where people understood the need to have a school, they were willing to buy into it. A lot of them were.

And then all of a sudden when they bought into it, people are saying, here's what your house is worth. And we knew that Newark was really booming, there was no place near. And then some of those people had their life savings there.

And I remember one that got the money, didn't get enough, heart broken. Got relocation money. Wasn't enough. And en route moving all the years of family values down south, the van -- the truck caught fire and they lost everything. You know, things that people don't think about that we're aware of.

And you are right. There are some inherent biases

in this type of legislation just like there are biases when people rile up against us to knock out affirmative action, minority, and the women businesses.

But when you look at who's behind the scene pushing things, that should give an indicator of what we are up against particularly as urban legislatures trying to work within -- in the spirit of party politics with those who have abandoned urban, who said they are with us, but in other meetings it comes out different. With the vote, it comes out different.

And then we have contradiction legislation. I'm trying to address eminent domain, but our colleagues, when they give out a bunch of free needles all over the place, so eminent domain is not going to help me even if I say it's going to stay to where you can take all the property you want, whatever you build is not going to last because Mayor Smith can't get the state police out of here. He's working those cops crazy because they're gang banging over drugs on corners so free needles don't help. I don't care what the research says about increasing crime. They just don't know.

And so we have to put this in perspective, because I think if we keep people in place, increase stability, that's what makes communities. The people that live in -- and I use Essex County, and Maplewood, and South Orange -- those older people are the same people that lived on Clinton

Avenue in the Weequahic section, have money but nobody knew it. They lived out the riots.

But their kids grew up, because I used to play with their kids, and they used to run across property and knock down fences and tear up grass the same way we do. But they said, we're going to stay because they knew one day the young man or young lady will grow up and transition out so they could plant the flowers back.

The problem with urban communities is that we don't get stability because of things like eminent domain. We don't get an opportunity to stay put long enough to raise those three kids you have at home, so they could transition out so you can put your grass back down and you don't have to worry about it.

We've become older communities in terms of population, not so much in terms of the community itself. And so we do understand that.

And another thing I want you to know, because I know you have an interest in it, your organization -- is we are looking at some of the environmental issues in terms of how do we address those areas that we know are so problematic that the environmentalists and others are saying we've got to find a way to clean them up. The federal government is saying, well, we're going to limit the money.

And then meanwhile, we can't identify the liability because

of the exposure so government has to absorb it sometimes. We know that government can't move those properties because when I was on the City Council I used to always argue, wait a minute. I'm not going to just take that property. I don't know what's there, because once we take it we own it and the liability belongs to us.

So I worked with Henry McNamara when I was on the environmental committee to change some of those laws, ISRAs and other things, to give us an ability to see what's there first. Now we have rules in place for mayors like Mayor Smith and others throughout the state -- can actually take care of those properties, because my concern's always been if I can make a real bad dirty property have this value again, of some value, then maybe I can create the kind of job opportunities that's going to help me sustain the neighborhood that everybody's trying to take from us. Because maybe that house is only going down because the people in the house have no real income anymore, because we've moved the businesses out. You know what I'm saying?

So there's got to be some medium there, where we can sustain residential, make it affordable. We have to have a middle class base because we can't pay tax off all poor people. In the meanwhile, we have to have parks and open space that we grew up with, and we're starting to bring them back and clean them up.

In the interim, I've got to have businesses coming in too, that's going to create the job opportunities for those skilled workers, and unfortunately for those unskilled workers too, because we don't like the reality, but generations after we're gone we're still going to have unskilled workers. Hopefully, the numbers are a lot smaller than what we have today.

And so we are on the same page. If you have any -

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MS. GADDY: Yes, I'm going to submit something to you.

SENATOR RICE: -- comments, submit them to us.

MS. GADDY: I just wanted to --

SENATOR RICE: Because what we are trying to do is wrap up every comment that we have gotten from transcripts to notes we're taking. We want to analyze those -- that information, see what we can put into amendments to make the bill better, and also make it pass in such a way so we can get some reasonable consensus because something has to be done right away.

We're not going to do moratoriums. And I know you're used to us saying we are. That's not going to fly. So I accept that reality. And so because I know there won't be a moratorium, then I've got to put something in place that's building on what we have right away, and then we can

work backwards on what we have that's new, as we do other legislation.

As we do the affordable housing hearings, for example, we can still be talking about eminent domain. You see what I'm saying? And we'll have to go back and tweak maybe some new legislation.

So that's what we are looking at. We talk about school construction and -- because that's going to go on for a long time. We can still go back and talk about how to tweak eminent domain. What did we leave out that we can get in now, because support is there for it?

And that's where I'm trying to take my leadership as chairman, you know, with this legislation, because this legislation has a great impact that people don't understand, and a lot of other things that my committee has to do in terms of moving New Jersey and New Jersey cities forward and creating that quality of life that people justly do.

So I want to thank you once again. Assemblyman, do you have any comments?

ASSEMBLYMAN STANLEY: No, I just want to go back a little ways with Kim. Matter of fact, I had my roots in the Department of Environmental Protection and I'm very familiar with your organization and some of the people that you work with, and you're doing a fine job.

I don't know if you were at Assemblyman Payne's

hearing a couple of days ago, a few days ago.

MS. GADDY: Yes, I was.

ASSEMBLYMAN STANLEY: And certainly it's an issue that we've been aware of for about the last four or five years even. But it's something that certainly needs to be addressed. Actually longer than that, probably about ten years now. But something that certainly needs to be addressed, environmental justice issues.

Thank you for coming tonight as, you know -- and I want to thank all of the people who came and testified. It was certainly an eye-opening experience for me. I recognize the Mayor again. As Senator Rice said, he came early and then he came back.

MS. GADDY: Stayed late.

ASSEMBLYMAN STANLEY: That's right. That's what we say.

MS. GADDY: Best man in New Jersey.

ASSEMBLYMAN STANLEY: That's dedication. And I've been with Senator Rice all day today. We started out at 10:00 together and we're ending up together, so I did the people of the state of New Jersey well, right, Senator?

SENATOR RICE: You did them well.

MS. GADDY: Well I want to thank you, and I'm more relieved just hearing some of your comments, Senator Rice, because I was really alarmed at first. So I'm glad that

you're looking for improvements and you're really looking for some real, you know, input from the community and the residents and those most impacted by eminent domain. So thank you. And thank you, Assemblyman Stanley.

SENATOR RICE: Thank you. Is there anyone who did not sign up that wanted to speak prior to us closing up the meeting, and hearing from the Mayor finally and the closing remarks?

Let me thank each of you and let me also thank my running mate, Assemblyman Craig Stanley, for being here. It has been a long day for him. He had hearings yesterday that I had participated with his committee.

But it's what we do. And we're not ashamed to say that our delegation here in Essex County, and in particular the 28th, that includes our mayors and some of our local council members, we're very bonded.

We understand the stuff when people think we don't. I just wish people at the State would listen to us a lot more. And those who see me on TV or hear about me and people say I'm arrogant or adamant, I'm not. I'm just knowledgeable and they know I am, and they don't want to accept the realities.

My colleague's in the same position I'm in. We can do pretty much everything, but we choose to live in our home towns that we grew up in. And so we do understand the

plight of your neighborhood, which is similar to the Katrina and how government responds. We understand what's taking place in Kingsborough with education down there or Phillipsburg, because we take the time to go here.

I understand your concern over in Harrison. I remember when Frank Rodgers was mayor, he was a good friend, and he stayed there for life for that reason. You know, this stuff wouldn't happen without him looking into it.

But I don't understand the Jersey City relationship, and it may be a valid one, but I don't understand. I need to look into it and see what that means.

And so I understand the comments coming out of South Jersey and Mount Holly, okay. And let me say to you that we do understand those concerns, and there's got to be opportunities there for people to stay.

What you hear here tonight is what's happening in one community, whether it's more suburban in nature in terms of grass and residential facilities versus more urban with higher buildings, et cetera.

The problem is the same that's created by eminent domain. And the question is, how do we bring some balance to it? I think that we're on track, but I just don't want everybody thinking I'm going to have a perfect bill because there's no such thing as perfect legislation.

By the same token, I want you to know that

everything that's needed cannot go into one bill. So there may be -- I'm sure there's going to be additional legislation coming down the pike once we get through this.

I expect, once again, before -- by the end of November to have a bill passed the Senate, going to the Assembly if I can get one moving simultaneously, going to the Governor's desk so hopefully next year as we move forward there will be some relief.

There's nothing in the bills right now that is retroactive. Sometimes it's difficult to do retroactive legislation, because New Jersey has 566 municipalities. What works in one is not going to work in another.

And they also have these authorities. So I've got to make sure that where people have not been harmed yet, that we start to make it better and try to diminish the opportunity for harm. Where people have been harmed or are being harmed, we may have to go back and address that through additional legislation. We may have to go back and address that through investigations and inquiries, if you will, in some of those areas like we're doing for SCI stuff now, and then make some stuff retroactive, put a hold on something, if we constitutionally can.

So it's not easy, but we're committed. Thank you very much. That adjourns this meeting. Let me thank the staff also for your travel. I know you've been traveling

with me all summer. Don't worry, it's going to come to an end in about another two years -- I mean, another few months, okay? Thank you. Oh, Mayor, would you -- excuse me. I want the Mayor to come back up and wish us well as we leave.

MAYOR SMITH: Well, thank you very much, Senator Rice, Assemblyman Stanley, for having the hearing here. If you guys are hungry you can go to Senator Rice's favorite spot, Kless Diner.

(Laughter)

MAYOR SMITH: But there's one right around the corner, Dimes Diner. If you want something to eat it's a good call. Thank you.

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C E R T I F I C A T I O N

I, Janet D. Persons, the assigned transcriber, do hereby certify the foregoing transcript of proceedings on tape numbers 1, 2, 3, and 4 is prepared in full compliance with the current Transcript Format for Judicial Proceedings and is a true and accurate non-compressed transcript of the proceedings as recorded, to the best of my ability.

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