

1 any.

2 Thank you very much, appreciate your being
3 here today.

4 Mr. Kennedy.

5 MR. KENNEDY: As the Senator says, we all
6 have our own Atlantic City stories. Mine started back
7 in 1964, when I was nine, ten years old and my parents
8 took me to the Democratic National Convention in the
9 Convention Hall.

10 In those days, Atlantic City was really
11 something. Even as a child, you know, you were
12 impressed by the grandeur of the old hotels, the
13 excitement on the Boardwalk, what was left of a little
14 bit of magic in the Steel Pier, the national politics
15 played out on a larger stage.

16 The next time I came back into Atlantic
17 City was as a college intern in 1973, and the city
18 wasn't dying, the city was dead. Those hotels were
19 all but falling in upon themselves. We were warned as
20 college interns not to come off the Boardwalk, not to
21 cross over Pacific, and not to be on the streets at
22 night by ourselves.

1 I worked in a county office building where
2 a police officer escorted the folks at the end of the
3 day to the parking lot. That was nine, ten years and
4 the city deteriorated that badly.

5 To have a feel as to what you've seen over
6 the last two days, you have to really start at
7 Atlantic City at its worst. There was not much here
8 before gaming came in 1976. Since then, this city has
9 been all but revived. There are 48,000 jobs that
10 would not have existed in the city today. There is
11 over \$5 billion in ratables that never would have been
12 build if it was not for gaming, and there is a return
13 to a neighborhood system in Atlantic City of thriving
14 small communities from end of Atlantic City's portion
15 of Abseken Island to the other, that never would have
16 survived, never would have been revived, if it wasn't
17 for gaming.

18 It wasn't an easy task to get there, and a
19 little bit of the history of our agency explains how
20 difficult that was. The first casinos came to
21 Atlantic City some time in the late 1970s. It wasn't
22 until 1986 that the Casino Reinvestment Development

1 Authority was created, and that was, quite frankly,
2 because the system of using casinos as a catalyst for
3 economic development in an urban setting just wasn't
4 working as effectively as a lot of folks would have
5 liked to have seen it happen.

6 The agency was created to use those casino
7 resources to jump start economic development in the
8 community, and a unique burden was placed on the
9 industry, a burden that I dare say has not been placed
10 on any other industry in this nation.

11 As you went to, you know, the WAWAs or
12 the Cumberland Farms, or the 7-11s of the world and
13 told them for the right of working in an urban
14 neighborhood they were to take 1.25 percent of your
15 gross intermitted to housing, to community
16 infrastructure projects, they'd look at you like you
17 were a little bit crazy, but I dare say if we went to
18 General Motors and told them for the right of having
19 a factory in Detroit that you had to pay 1.25 percent
20 of your gross for those same purposes you'd have the
21 same stares coming back at you.

22 It's not necessarily a burden that the

1 industry grasped with a great deal of enthusiasm, but
2 I think the practicality of sound means realized that
3 this was a necessity to move Atlantic City ahead and
4 to allow funds to flow about into the state of New
5 Jersey for worthwhile projects.

6 I served a little bit in the Kean
7 Administration, during those formative years, and in
8 the 1980s we clearly came together and arrived three
9 years ago as Executive Director of the CRDA.

10 What happened in that next decade? There
11 is truly a partnership between state government, city
12 government and industry, but no where in the history
13 of gaming in Atlantic City has been as remarkable as
14 it's been in the last four years. A governor who is
15 very sensitive to using the resources of the industry
16 as a unique tool for urban redevelopment, a mayor and
17 senator who are committed to community revitalization,
18 and, again, an industry on the spectrum that either
19 comes along reluctantly or jumps in with a great deal
20 of enthusiasm, depending on the individual casino
21 property, to make those resources work for the
22 community.

1 I'd like to just, you know, very briefly,
2 and certainly I'd be more than willing to have
3 questions as I go through this, try to put a little
4 bit of a human face on some of the things that you've
5 seen in the last few days. I want to just start with
6 housing.

7 I have not been able to attend any of these
8 sessions, but I'm sure that either in private or in
9 public testimony folks have talked about losing their
10 houses because of gaming through an addiction problem,
11 through some type of, you know, personal misfortunate,
12 that relates back to a gaming addiction.

13 I can almost assure you that for everyone
14 who has lost a house because of gaming, at least ten
15 folks have found new homes from the resources that
16 have been brought through my agency through gaming
17 dollars.

18 We have built over 1,500 houses in the last
19 decade in Atlantic City, and that's just not bricks
20 and stone, it's just not mortar, it's an opportunity
21 for folks to have something they probably never would
22 have had in the first place if it wasn't for those

1 casino funds flowing back through a public agency.

2 It's done through subsidized construction,
3 it's done through subsidized mortgages, but what it
4 becomes in human terms is a woman and a child in a
5 single family that because of our ten percent down
6 program didn't have the money to buy a house, and now
7 has a home, has a backyard, and has a basketball hoop
8 next to that garage.

9 It's about police officers that couldn't
10 live in Atlantic City because of the economic burden,
11 that through a unique 3-2-1 program now are residents
12 in Atlantic City, 35 homes in the last 18 months have
13 been purchased by police officers, bringing those law
14 enforcement officers into virtually every neighborhood
15 in Atlantic City, bringing them into the community
16 where they work and serve on a day-to-day basis.

17 It's about working with Habitat for
18 Humanity, a national program closely identified with
19 former President Carter, using casino resources to
20 build homes all through the community, homes that are
21 built by the folks that live in them through sweat
22 equity, where the material is financed by the casino

1 industry, homes in many instances that are built side
2 by side with casino employees who are volunteering
3 their time, and in some instances homes that are lived
4 in by the very casino employees who had their co-
5 workers help them build their homes.

6 We also, as you've seen over the last few
7 days, have been able to take on some significant urban
8 redevelopment projects. The most notable is Northeast
9 Inlet, which when Jim Whelan was a boy was a thriving
10 community, and by the time I got to Atlantic City in
11 1973 it had seen better days. When CRDA was created
12 in the mid-1980s, the Northeast Inlet was almost all
13 but abandoned. Your hotel was there, you'd be able to
14 look out the window, you'd seen the new homes, you'd
15 seen the vacant land that's ready and will have new
16 homes constructed on it over the next couple years,
17 but again, more important than the bricks and mortar,
18 the folks that live in it. It is an economically
19 diverse community, with folks that are at the lowest
20 level of income imaginable, living in homes that in
21 any other place in America they couldn't afford, it's
22 low-level casino execs who started in the industry,

1 perhaps, on the floor and worked their way up into
2 management positions owning market rate homes, it's a
3 mixture of African Americans, Whites and Asians, in a
4 community that is unique and is really worth taking
5 the time to walk around and, not look at the
6 buildings, but talk with the folks that live there and
7 what that neighborhood means to them.

8 There's a Vision 2000 program over on
9 Arctic Avenue that's being done with the Community
10 Development Corporation affiliated with Second Baptist
11 Church, where the ministry has stepped up, again,
12 using casino resources, to build homes for the
13 population of Atlantic City.

14 It's a condition where the clergy has
15 looked at the industry, has their own individual views
16 in terms of the merits of gaming, but it seized on an
17 opportunity to use the benefits of gaming to build
18 housing. It's going to be an extraordinarily
19 successful program, and one that's unique in the way
20 that it's been shaped and formed.

21 It's about a program right behind this
22 building on a vacant lot called Station Heights, that

1 sat next to a HUD project that this building was built
2 on that you heard about being demolished. It was an
3 old warehouse that was owned by Resorts. It had been
4 owned by Resorts for years, and was donated this
5 summer to the CRDA, so that we could begin housing
6 construction this spring, in some cases, for the very
7 residents that live on this site today.

8 It's also about community programs,
9 touching the lives of individuals throughout Absecon
10 Island, the JOAS program, which is the Jewish Older
11 Age Service program. Christie Whitman, our governor,
12 came to Atlantic City last summer, came to the
13 existing JOAS site that was suboptimal, at best, in
14 terms of its conditions. She looked around, she
15 talked to Senator Gormley, she talked to Mayor Whelan,
16 and within three months we had casino funding through
17 Resorts in place to build a new facility for older
18 citizens in Atlantic City. Ground was broken on that
19 this fall, the building will be completed in another
20 year.

21 It's about the Atlantic City Rescue Mission
22 that you saw yesterday, and you heard the stories

1 about folks that are in the Rescue Mission, perhaps,
2 as a consequence of gaming. But, there's over
3 \$850,000.00 in casino money that has gone directly
4 into that building to pay for the mortgage.

5 There is money outside of this agency that
6 has gone into that building to pay for its programs.
7 There's the turkeys that show up on Thanksgiving, the
8 food that shows up almost every week from the casinos,
9 unsolicited, unheralded, but every week those trucks
10 arrive.

11 That's the kind of programs on a social
12 level that this agency, through cooperation with state
13 government, the city have been able to put together.

14 I'd just like to touch on three brief
15 projects and then open it up for some quick questions
16 at the end. If nothing else, the CRDA is a truly
17 unique tool for the kinds of things to begin working
18 in partnership with the industry that we can do.

19 We've done three projects statewide that
20 I'm pretty proud of. The first is when a veterans
21 group for the Vietnam War Memorial was looking to put
22 funding together to commemorate the fallen from the

1 Vietnam War, and they couldn't find the funds to put
2 a memorial together. It was the casino industry,
3 through CRDA, who stepped forward and funded, not only
4 that memorial, almost in its entirety, but an
5 education center which is now presently under
6 construction and about to open.

7 It's about the New Jersey Performing Arts
8 Center, which is the cornerstone of the Renaissance in
9 Newark. If you haven't been there, you should go
10 there. It is the equal to Carnegie Center, or any of
11 the finest concert halls in New York, sitting in one
12 of the -- cities in the state. And, when they
13 couldn't complete that project it was the industry
14 that stepped forward and put \$5 million into it, not
15 only into the Performing Arts Center, but to open a
16 community outdoor concert area, so that that
17 Performing Arts Center could reach out to the
18 neighborhoods and, specifically, target the children
19 of those neighborhoods for cultural arts.

20 And, last of all, it's about a very small
21 project up on the Boardwalk that sits in front of the
22 Atlantic City Convention Center called Sea Skate.

1 It's a small, million, million and a half, dollar
2 project for an indoor ice skating rink. It affords
3 family entertainment to folks that did not have that
4 opportunity in the city before, but there's an
5 interesting linkage there that I picked up in a
6 newspaper article this weekend.

7 We are proud to have an African American
8 who was one of the first African Americans to play
9 minor league hockey in America, who lives in this
10 city, he's been a resident for years, Art Dorrington.
11 He's worked at Sea Skate since its beginning, teaching
12 children how to skate.

13 There is a young African American from
14 Atlantic County, who is in his teens, that Art
15 Dorrington gave him his uniform, his shoulder pads,
16 and his equipment from the time that he was a
17 professional hockey player. That fellow is learning
18 how to play hockey today, folks tell me that he's just
19 remarkable in terms of his skills and ability, and
20 that couldn't happen for that individual if it wasn't
21 for the gaming money that was able to worked through
22 our agency into a specific project.

1 I know I've got a minute, two minutes, if
2 there's any questions I'd be more than happy to answer
3 them.

4 CHAIRMAN JAMES: Commissioner Bible.

5 COMMISSIONER BIBLE: Your agency is a
6 public agency?

7 MR. KENNEDY: Yes, it is.

8 COMMISSIONER BIBLE: And, you have power of
9 eminent domain?

10 MR. KENNEDY: We do.

11 COMMISSIONER BIBLE: How often do you
12 exercise that power?

13 MR. KENNEDY: We use it fairly frequently,
14 and we use it with a great deal of prudence, and we
15 use it with a great deal of controversy.

16 Almost every one of our housing projects in
17 this city has required eminent domain. Our supermarket
18 project on Atlantic Avenue has required eminent
19 domain. The work that we've done for the casinos, in
20 terms of room development, has required eminent
21 domain. It's almost impossible in a city of this
22 nature, with the kind of speculators that own

1 property, with the kind of ownership patterns we have,
2 in terms of city block, 50, 60 people own property,
3 for eminent domain not to be used frequently by an
4 agency that's involved in economic urban development.

5 COMMISSIONER BIBLE: How much litigation
6 has resulted from it?

7 MR. KENNEDY: Oh, I would say, probably
8 about 90 percent of our cases go right to litigation.

9 COMMISSIONER BIBLE: Is that typical of a
10 redevelopment agency?

11 MR. KENNEDY: It's fairly typical of any
12 redevelopment agency, but it's very typical in
13 Atlantic City. We don't have too many folks that
14 contest, and no one has ever won on the public purpose
15 issue, but we have everybody contest how much the
16 property is worth.

17 COMMISSIONER BIBLE: And so, the court
18 ultimately establishes that?

19 MR. KENNEDY: A jury will normally
20 establish this, and it's a fair way to do it. I mean,
21 in the final analysis, when it comes down to eminent
22 domain questions, it's a jury process, it's, you know,

1 America jurisprudence at its best, it's your
2 neighbors, it's your peers, deciding what the value of
3 your property is.

4 COMMISSIONER BIBLE: And, the reason I ask
5 the question is that, Doctor Dobson this morning
6 distributed a paper that had a look at some of the
7 Navy consequences associated with the casino gambling,
8 and that particular paper indicates that you've
9 resorted, or at least the plaintiffs in the matter
10 have resorted to litigation in a number of instances,
11 and that somehow is a negative on your efforts, and
12 maybe you could respond to whether you see that as
13 being simply a negative in the way you operate?

14 CHAIRMAN JAMES: We're having a hard time
15 hearing you, if you could --

16 COMMISSIONER BIBLE: If that's a negative
17 in the way the agency is operated, if it's something
18 different or uncharacteristic in terms of the way we
19 develop and agencies operate, either in this state or
20 across the country.

21 MR. KENNEDY: It's very indicative of how
22 redevelopment agencies work. Before I came to this

1 authority during the Kean Administration, I was Deputy
2 Executive Director of the New Jersey Turnpike
3 Authority. That road would never have been built if it
4 was not for eminent domain. You basically cannot do
5 large-scale public work projects anywhere in America
6 without using eminent domain.

7 I mean, one thing that I'm very sensitive
8 to, on the civil side of the ledger, it is the
9 equivalent of capital punishment, I mean, it's
10 something that has to be used with a lot of
11 discretion, a lot of sensitivity, but it's an
12 absolutely vital tool for urban development anywhere
13 in this nation.

14 COMMISSIONER BIBLE: And, as a public
15 agency, I assume no one ever sues you for offering too
16 much money for the land.

17 MR. KENNEDY: We've never been sued for
18 offering too much money for the land, but I've got to
19 tell you, quite frankly, we have settled a lot of
20 cases where we've made fair offers that have never
21 reached litigation.

22 COMMISSIONER BIBLE: I see, thank you.

1 CHAIRMAN JAMES: Thank you.

2 I wish we had more time. I will suggest
3 if there are additional questions that the
4 commissioners have, I would ask that they be submitted
5 in writing, and I hope you would be willing to respond
6 that way.

7 And again, thank you.

8 Mr. O'Connor, you are next.

9 MR. O'CONNOR: Good afternoon.

10 CHAIRMAN JAMES: Good afternoon. Put it
11 right up --

12 MR. O'CONNOR: So you can hear very
13 clearly.

14 CHAIRMAN JAMES: -- yes, very good.

15 MR. O'CONNOR: Clear now?

16 CHAIRMAN JAMES: Closer.

17 MR. O'CONNOR: Clear now?

18 CHAIRMAN JAMES: There you go.

19 MR. O'CONNOR: Okay.

20 Good afternoon. Thank you for the
21 opportunity to provide comments about gambling in New
22 Jersey.