Thank you very much, appreciate your being here today.

Mr. Kennedy.

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

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

The next time I came back into Atlantic City was as a college intern in 1973, and the city wasn't dying, the city was dead. Those hotels were all but falling in upon themselves. We were warned as college interns not to come off the Boardwalk, not to cross over Pacific, and not to be on the streets at night by ourselves.
I worked in a county office building where a police officer escorted the folks at the end of the day to the parking lot. That was nine, ten years and the city deteriorated that badly.

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

It wasn't an easy task to get there, and a little bit of the history of our agency explains how difficult that was. The first casinos came to Atlantic City some time in the late 1970s. It wasn't until 1986 that the Casino Reinvestment Development
Authority was created, and that was, quite frankly,
because the system of using casinos as a catalyst for
economic development in an urban setting just wasn't
working as effectively as a lot of folks would have
liked to have seen it happen.

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

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

It's not necessarily a burden that the
industry grasped with a great deal of enthusiasm, but I think the practicality of sound means realized that this was a necessity to move Atlantic City ahead and to allow funds to flow about into the state of New Jersey for worthwhile projects.

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

What happened in that next decade? There is truly a partnership between state government, city government and industry, but no where in the history of gaming in Atlantic City has been as remarkable as it's been in the last four years. A governor who is very sensitive to using the resources of the industry as a unique tool for urban redevelopment, a mayor and senator who are committed to community revitalization, and, again, an industry on the spectrum that either comes along reluctantly or jumps in with a great deal of enthusiasm, depending on the individual casino property, to make those resources work for the community.
I'd like to just, you know, very briefly,
and certainly I'd be more than willing to have
questions as I go through this, try to put a little
bit of a human face on some of the things that you've
seen in the last few days. I want to just start with
housing.

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

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

We have built over 1,500 houses in the last
decade in Atlantic City, and that's just not bricks
and stone, it's just not mortar, it's an opportunity
for folks to have something they probably never would
have had in the first place if it wasn't for those
casino funds flowing back through a public agency. It's done through subsidized construction, it's done through subsidized mortgages, but what it becomes in human terms is a woman and a child in a single family that because of our ten percent down program didn't have the money to buy a house, and now has a home, has a backyard, and has a basketball hoop next to that garage.

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

It's about working with Habitat for Humanity, a national program closely identified with former President Carter, using casino resources to build homes all through the community, homes that are built by the folks that live in them through sweat equity, where the material is financed by the casino
industry, homes in many instances that are built side
by side with casino employees who are volunteering
their time, and in some instances homes that are lived
in by the very casino employees who had their co-
workers help them build their homes.

We also, as you've seen over the last few
days, have been able to take on some significant urban
redevelopment projects. The most notable is Northeast
Inlet, which when Jim Whelan was a boy was a thriving
community, and by the time I got to Atlantic City in
1973 it had seen better days. When CRDA was created
in the mid-1980s, the Northeast Inlet was almost all
but abandoned. Your hotel was there, you'd be able to
look out the window, you'd seen the new homes, you'd
seen the vacant land that's ready and will have new
homes constructed on it over the next couple years,
but again, more important than the bricks and mortar,
the folks that live in it. It is an economically
diverse community, with folks that are at the lowest
level of income imaginable, living in homes that in
any other place in America they couldn't afford, it's
low-level casino execs who started in the industry,
perhaps, on the floor and worked their way up into
management positions owning market rate homes, it's a
mixture of African Americans, Whites and Asians, in a
community that is unique and is really worth taking
the time to walk around and, not look at the
buildings, but talk with the folks that live there and
what that neighborhood means to them.

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

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

It's about a program right behind this
building on a vacant lot called Station Heights, that
sat next to a HUD project that this building was built
on that you heard about being demolished. It was an
old warehouse that was owned by Resorts. It had been
owned by Resorts for years, and was donated this
summer to the CRDA, so that we could begin housing
construction this spring, in some cases, for the very
residents that live on this site today.

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

It's about the Atlantic City Rescue Mission
that you saw yesterday, and you heard the stories
about folks that are in the Rescue Mission, perhaps, as a consequence of gaming. But, there's over $850,000.00 in casino money that has gone directly into that building to pay for the mortgage.

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

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

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

We've done three projects statewide that I'm pretty proud of. The first is when a veterans group for the Vietnam War Memorial was looking to put funding together to commemorate the fallen from the
Vietnam War, and they couldn't find the funds to put
a memorial together. It was the casino industry,
through CRDA, who stepped forward and funded, not only
that memorial, almost in its entirety, but an
education center which is now presently under
construction and about to open.

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

And, last of all, it's about a very small
project up on the Boardwalk that sits in front of the
Atlantic City Convention Center called Sea Skate.
It's a small, million, million and a half, dollar project for an indoor ice skating rink. It affords family entertainment to folks that did not have that opportunity in the city before, but there's an interesting linkage there that I picked up in a newspaper article this weekend.

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

There is a young African American from Atlantic County, who is in his teens, that Art Dorrington gave him his uniform, his shoulder pads, and his equipment from the time that he was a professional hockey player. That fellow is learning how to play hockey today, folks tell me that he's just remarkable in terms of his skills and ability, and that couldn't happen for that individual if it wasn't for the gaming money that was able to worked through our agency into a specific project.
I know I've got a minute, two minutes, if there's any questions I'd be more than happy to answer them.

CHAIRMAN JAMES: Commissioner Bible.

COMMISSIONER BIBLE: Your agency is a public agency?

MR. KENNEDY: Yes, it is.

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

MR. KENNEDY: We do.

COMMISSIONER BIBLE: How often do you exercise that power?

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

Almost every one of our housing projects in this city has required eminent domain. Our supermarket project on Atlantic Avenue has required eminent domain. The work that we've done for the casinos, in terms of room development, has required eminent domain. It's almost impossible in a city of this nature, with the kind of speculators that own
property, with the kind of ownership patterns we have,
in terms of city block, 50, 60 people own property,
for eminent domain not to be used frequently by an
agency that's involved in economic urban development.

COMMISSIONER BIBLE: How much litigation
has resulted from it?

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

COMMISSIONER BIBLE: Is that typical of a
redevelopment agency?

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

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

MR. KENNEDY: A jury will normally
establish this, and it's a fair way to do it. I mean,
in the final analysis, when it comes down to eminent
domain questions, it's a jury process, it's, you know,
America jurisprudence at its best, it's your neighbors, it's your peers, deciding what the value of your property is.

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

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

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

MR. KENNEDY: It's very indicative of how redevelopment agencies work. Before I came to this
authority during the Kean Administration, I was Deputy
Executive Director of the New Jersey Turnpike
Authority. That road would never have been built if it
was not for eminent domain. You basically cannot do
large-scale public work projects anywhere in America
without using eminent domain.

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

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

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

COMMISSIONER BIBLE: I see, thank you.
CHAIRMAN JAMES: Thank you.

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

And again, thank you.

Mr. O'Connor, you are next.

MR. O'CONNOR: Good afternoon.

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

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

CHAIRMAN JAMES: -- yes, very good.

MR. O'CONNOR: Clear now?

CHAIRMAN JAMES: Closer.

MR. O'CONNOR: Clear now?

CHAIRMAN JAMES: There you go.

MR. O'CONNOR: Okay.

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