

Atlantic City's blighted areas want more casino cash

Atlantic City, New Jersey – A stone's throw from the glittering, billion-dollar casinos, thousands of people live in grinding poverty in run-down houses surrounded by drugs and prostitutes.

These are the neighborhoods that the state requires casinos to help by setting aside a portion of their revenue for development projects.

Yet since 1993, the state agency charged with doling out the casino money to needy areas in Atlantic City and throughout New Jersey has been funneling some of that cash back to the casinos themselves. The agency argues casino gambling is a vital economic industry that needs help as much as struggling neighborhoods.

Linda Cox lives in one of those struggling neighborhoods, where men and women sip beer from paper bags on a street corner surrounded by dilapidated housing. As she spoke, a homeless man in a vacant lot across the street poked at some battered window frames that someone had discarded.

„Everything around here is parking lots and vacant lots,“ she said. „Why not fix us up, too? They want to make this a mini-Las Vegas. The casinos are all expanding. They don't need help. We do.“

Since 1984, about 20 percent of the money collected by the Casino Reinvestment Development Authority _ about \$ 400 million _ has gone back to the casinos themselves, according to the authority's figures.

That money has helped pay for the construction of 13,000 new hotel rooms, the House of Blues nightclub at the Showboat

Casino Hotel, an IMAX theater at the Tropicana Casino and Resort, and even parking lots and road signs for the casinos. It also is earmarked to help pay for a proposed express train service to whisk New York gamblers to Atlantic City.

„That money is not being spent in the spirit of the original legislation,“ said state Sen. Shirley Turner, D-Mercer. „It was intended to help the blighted areas of the Atlantic City community.“

Turner said the casinos no longer need that government assistance.

„Early on, it may have been important to help the casino industry, but it is not a young, fledgling industry any more,“ she said. „They can certainly afford to pay their fair share. It’s a gift that keeps on giving.“

Thomas Carver, the authority’s executive director, said the casinos needed the money just as badly as other development projects elsewhere in the state did.

„In the early ’90s, we were stagnant,“ he said. „There was no development taking place. Wall Street was telling all the investors to stay out of Atlantic City, and nothing was happening. So the legislature amended the statute to allow this kind of investment, which changed the character of Atlantic City and provided the incentive for the industry to expand.“

Joseph Corbo, president of the Casino Association of New Jersey, called the law allowing the casinos to use some of the money for themselves „government at its best.“

„This legislation spurred upwards of a billion dollars of capital investment in attractions such as The Quarter at Tropicana, The Pier at Caesars, The House of Blues at Showboat and the Borgata’s recent expansion,“ he said in a prepared statement. „The success of these developments will spur even

more investment, creating more jobs and actually increasing tax revenue.”

The authority collects its money based on each casino’s gambling revenue totals.

The casinos must pay 8 percent to the Casino Revenue Fund. They also have a choice of contributing an additional 2.5 percent of their gambling revenue to that fund, or 1.25 percent to the reinvestment agency. Without exception, the casinos have chosen the latter option.

In return for allowing the casinos to recoup some of those payments, the state required them to pay into the pot for 50 years instead of 25.

Since it began in 1984, the authority has awarded \$ 1.8 billion for development projects in Atlantic City and elsewhere in the state. Much of the early money went to improving housing in the run-down Inlet section of Atlantic City, and blocks of new housing now stand where one longtime resident said people used to be afraid to stop for red lights.

Carver said the agency has spent \$ 352 million on housing projects over the last 20 years in Atlantic City, and is working on a 526-house development, 189 of which are set aside for low-income residents. Over that time, about 1,350 new housing units were built in Atlantic City alone.

„The premise that money has been diverted from housing is absolutely not true,“ he said.

The agency also has helped fund projects ranging from a day care nursery in Passaic and a community theater in Morristown, to the Yogi Berra Museum in Little Falls, the New Jersey Performing Arts Center in Newark, and Mercer County Waterfront Park, where the minor league Trenton Thunder baseball team plays its home games. The state aquarium in Camden also received money.

Dawn Ford, who lives in the same struggling neighborhood as Cox, is unimpressed. The 2000 Census found nearly 1 in 4 of Atlantic City's 40,500 residents living in poverty.

„They want to move people like us out of here,“ she said. „Give me a job, somewhere to go.“

Carver said the casino authority shouldn't be mistaken for city government.

„We can't solve every problem, rebuild every house in Atlantic City or condemn every property in Atlantic City,“ he said. „We do have the ability to be a player in changing Atlantic City.“