

Chapter 2: The Major Players

The UDAG Controversy

In response to an announcement made by Prudential Insurance Company of America in 1998 that it would relocate 1,000 of its workers to downtown Newark offices, city officials promised to use a \$5 million federal Urban Development Action Grant (UDAG) to construct a new 9-story parking garage for the employees. The decision by the insurance company to return additional operations to Newark was heralded as another sign of the city's economic recovery, but like other development projects it was conditioned by a major subsidy from the city in the form of the parking garage.

The use of a federal grant to construct a garage widened the rift of distrust between City Hall and Newark community groups. The city's decision concerning the unspent grant from the 1970s raised sharp criticism from community development groups who wanted the funds allocated for its original purpose of neighborhood redevelopment. One of the city's most vocal critics was Raymond Codey of the Central Ward-based New Community Corporation (NCC). Codey challenged the city stating that the grant was not being used according to its guidelines. "We [NCC] are a constant critic of how the city allocates the community development block grant because a big chunk goes for administrative costs, land clearance in downtown areas."¹ Community activists were especially upset over the use of the grant because the UDAG is governed by a "but for" provision, meaning that a project funded by the grant would not be attempted "but for" the existence of the federal funding. Parking garages are listed as one of the least desirable projects under the UDAG guidelines according to Codey. NCC and others expressed disbelief that a multi-billion dollar company like Prudential really needed the \$5 million grant to finance the parking garage. Codey infuriated city officials by alerting the Department of Housing and Urban Development (HUD) about the planned use of the grant, and HUD officials responded by coming to Newark to investigate.²

¹ Interview with Raymond Codey August 26, 1999.

² Drucker, Jesse, "HUD probes Newark plan to build Pru parking garage." *Star-Ledger*. July 1, 1998.

City Hall officials responded to Codey's criticism by claiming the UDAG grant served a vital redevelopment role in convincing Prudential to relocate the jobs to Newark instead of suburban offices. Al Faiella, Newark's deputy mayor for housing and economic development, described the alternative proposals for the grant put forward by community as examples of "arbitrary and redundant development."³ The case of the Prudential garage illustrates the sharp divisions between the development goals of the city and the neighborhoods. City Hall considered downtown development superior to investment in neighborhoods, while community activists expressed increasing frustration at the city's overwhelming focus on business development at the expense of community investment. As the outside attention on Newark's economic development has increased over the past few years, the suspicions between neighborhood-based groups and the city agencies responsible for planning future investment have grown stronger and more contentious.

The Three Players

The major participants in Newark's economic development scene are clustered into three competing groups: the city government, development entrepreneurs, and community activists. As active forces in Newark's development decisions, these three interest groups constantly seek to advance their own goals for the allocation of public and private resources. The tensions between these groups — from the diverse constituencies they represent, to the conflicting visions they have for the future landscape of Newark — encourage the creation and continuation of development conflicts. While City Hall, entrepreneurs, and community groups operate as separate actors within Newark they also interact and respond to each other within the process of development politics. This chapter will examine the motivations, operating styles, and goals of Newark's main interest groups and how they set the stage for development conflict.

Inside City Hall

³ Faiella questioned why New Community Corporation needed to build a new daycare center or job-training site when they already had several in operation. Interview with Al Faiella. August 18, 1999.

The task of promoting economic development to strengthen the economy and prestige of the city has become a major business for the politicians and officials governing Newark. To continue the recent growth period sparked by the arrival of NJPAC, City Hall has pursued strategies to attract economic investment to the central business district by offering incentives to companies relocating to Newark. Surprisingly, the main powerbroker for economic development in Newark does not work in the Mayor's corner office, but in a suite of offices two doors down the hallway. This most influential development figure in Newark is a veteran city official named Alfred Faiella. Mr. Faiella holds this reputation not only by his own claims, but also by the acknowledgement of the neighborhood activists he frequently opposes on development issues. Considered the Robert Moses or Edward Logue of Newark, Faiella is the city's most powerful figure in economic development because of the complete control over development operations he has amassed in the past two decades.

Mr. Faiella wears many hats in the city government related to his role in making the deals to encourage more investment in the city. He serves as the Director of city's department of development, the Deputy Mayor for Housing and Economic Development, and as the Executive Director of the semi-private organization known as the Newark Economic Development Corporation (NEDC).⁴ Acknowledging his many appointments, both friend and foe agree that Faiella is the central figure in Newark's economic development engine.

According to frequent adversary Raymond Codey of the New Community Corporation, Faiella is a strong proponent of the "big bang development projects" capable of bringing both economic investment and attention to the city. Often funded by a combination of public and private resources, examples of these projects include NJPAC, the minor league baseball stadium completed in 1998, and the proposed downtown basketball arena.⁵ Newark's recent economic revitalization has also

⁴ The NEDC is an independent development agency that works with the city to attract new companies and projects to the city.

⁵ Codey describes "big bang" development projects as flashy investments with high price tags. He criticized the very few full-time jobs they supply to the city in comparison to their cost. Interview with Raymond Codey. August 26, 1999.

included a mix of business development encouraged by the large publicly funded projects such as the arts center and the stadium.

The frenzied atmosphere of the development office clutters Faiella's long worktable (he claims a desk is too small) with maps and papers detailing the development projects currently in progress. Faiella describes development in Newark as a mouth that must constantly be fed. He says the task of revitalizing the city "is an evolutionary process. The idea is to put so much into the hopper that more will eventually come."⁶ Faiella explains that he never allows the absence of building permits to stand in the way of development projects, and he admits that construction has occurred on sites where the permits did not exist.⁷

Frequent opponents of Faiella criticize the development office's haphazard approach to planning and complain that City Hall pursues new development projects purely for the sake of tearing something old down and building something new in its place. A critical editorial in the *Star-Ledger* during the summer of 1999 encouraged the city to adopt a "far-sighted view" with regard to development at the same time it disapproved the tendency for development officials "to eliminate vacant lots, with little thought given to what replaces them."⁸ Many neighborhood organizations and even some entrepreneurial development groups have joined the *Star-Ledger* to criticize the absence of community input and comprehensive planning in most of the city's development projects. Despite protests from community groups, much of the downtown development in Newark is still accomplished through secretive deals and subsidies. This standard development strategy utilizes the long-standing networks of urban politics and business that leave many would-be participants, including neighborhood groups, out of the process. A major contributor to the planning faults of

⁶ Garbarine, Rachele. "In Downtown Newark, Hopeful Signs." *The New York Times*, December 20, 1998.

⁷ Interview Faiella. August 18, 1999.

⁸ "Better planning for the renaissance." Editorial. *The Star-Ledger*. June 29, 1999.

Newark is that it remains the largest city in the United States to operate without a genuine planning department.⁹

When confronted by statements that downtown development lacks a central or logical plan, Al Faiella responds that “development in Newark does not resemble potpourri.” He insists that his office must remain flexible to accommodate the shifting needs of potential investors. The 50-year-old development czar says he wants to focus on the development operations Newark can accomplish effectively. In place of traditional planning, Faiella emphasizes that the Newark development office specializes in offering incentives to prospective companies to entice them to the city. Describing the main strategy of his department, Faiella explains, “We can put deals together on economic development projects that other cities cannot match.”¹⁰ Recognizing that Newark is a city with few attractive points, Faiella emphasizes the need for his office to remove the burden from corporations looking to invest in the city. He defended the use of tax abatements, parking garages, and other subsidies to entice new investment by pointing out the benefit of the parking and payroll taxes the city collects from commuters.¹¹

For many years development in Newark was limited to the contributions of local companies, corporate foundations and grants from the federal government.¹² After decades of struggling to strengthen the city’s business base and infrastructure, the city is now experiencing a major revival by attracting outside investors in considerable numbers. Guiding Newark to embrace economic development throughout his 25 years in the development office, Alfred Faiella’s aggressive pro-development stance has become the overall strategy of the department. Development officials claim the pace of development is so rapid that they do not have time to conduct detailed studies, but

⁹ Interview with Kathleen Kelly. August 27, 1999.

¹⁰ Interview Faiella. August 18, 1999.

¹¹ The payroll tax is a 1% “commuter tax” on the overall payrolls of all large Newark companies and is frequently cited by the city as a financial advantage to pursuing more downtown development. Interview Faiella. August 18, 1999.

¹² Projects funded under these limited development conditions included the Gateway Center financed by the Prudential Company and the investment by the Port Authority to update Newark’s airport and port.

observers interested in the future of the city are demanding that City Hall focus more on urban planning. Some community groups, upset with the development office's scattered methods, have taken up neighborhood planning on their own with the eventual goal of working their suggestions into the city's Master Plan.¹³ Central to the relationship and the disputes between the city agencies responsible for development and the leaders of Newark neighborhoods is the persona of Newark Mayor Sharpe James.

The Mayor

Al Faiella serves as an indispensable economic development advisor for Mayor Sharpe James and the other elected officials in Newark's government. While Faiella is responsible for completing the negotiations and development deals, Mayor James acts as a cheerleader for the economic development and attempts to sell the projects to the people of Newark. Mayor James is known for his disinterest in the day-to-day business aspects of running the city, and prefers to focus on the big picture of being Mayor that includes public ceremonies and announcing development projects.¹⁴

James won the Mayor's office in 1986 by cultivating the image of a political reformer. As a council member in the 1970s and 1980s he refused to vote for salary increases and ignored the perks of his position.¹⁵ But after four terms as in the Mayor's office, James has lost much of the reformer label and is now characterized by most community leaders as a member of the city establishment. The mayor's election message has changed with the times as well. As a challenger to Mayor Ken Gibson in 1986 James ran a campaign emphasizing the negative aspects of the city and the lack of progress by the Gibson administration. In July 1998 Mayor James won a fourth term in part by emphasizing the high-profile development successes of NJPAC and the minor league baseball stadium and

¹³ Officials from the Regional Planning Association (RPA), an independent urban planning agency, are working with Newark community groups in the North and East wards to create neighborhood plans. La Casa de Don Pedro and the Lincoln Park/Coast Cultural District have been designing plans focused on constructing in-fill housing, preserving historical buildings, and improving transportation access. Interview with Anker West. January 4, 2000.

¹⁴ Mayor James was described as someone, "not known for his interest in the minutia of the daily operations of the government." Drucker, Jesse. "Ex-Newark administrator now a family court judge." *Star-Ledger*. August 15, 1998.

¹⁵ Cunningham, 361.

claiming personal credit for bringing them to Newark.¹⁶ In defeating the two city council members challenging him in the election, James succeeded in linking his administration to the noticeable increase in economic development activity around the city. Mayor James is always outspoken in his support for the major development projects, and he is likewise critical of community organizations opposed to city projects.

Professor Clement Price, a Newark historian at Rutgers University described the political personality of James in a *New York Times* article about his candidacy for a fourth term as mayor. Professor Price said James is a product of the negative environment that surrounds Newark: “He is a cheerleader mayor who has perfected the rhetoric of optimism and boosterism as he has articulated the good news about Newark.”¹⁷ Sometimes James can be too optimistic in his support for development projects, as was the case for the Kmart store planned for the Central Ward in which Mayor James announced the store’s arrival before the final deals had been worked out — almost derailing the project.¹⁸ Price claimed Newark politicians like James sometimes exaggerate the benefits of economic development because “either a city aggressively articulates its own self image or it will be doomed to be given an image by others.”¹⁹ Owing to this pressure, Mayor James and Newark’s political leadership frequently lend unconditional support to the downtown projects pursued by the development office.

Public comments by James on development issues can also serve as a lightning rod for controversy. In his 1998 inaugural speech, Mayor James told the mostly Newark audience that the refusal of New Jersey Devil’s owner John McMullen to move his hockey team to a Newark arena

¹⁶ *Ibid.*

¹⁷ *Ibid.*

¹⁸ At January 2000 event with the Rev. Jesse Jackson Mayor James announced that the Kmart store would be built in Newark through a partnership between the New Community Corporation and the Metropolitan Baptist Church. Both New Community and Kmart officials quickly responded that the deal was not completed and it took some last minute bargaining to secure the final financing. The city had only a small part in the Kmart deal, but Mayor James was more than willing to claim success for the project — much to the annoyance of New Community Corporation and its founder Monsignor William Linder. Stewart, Nikita, “It’s official: Kmart decides to open store in Newark.” *Star-Ledger*. March 7, 2000.

¹⁹ Smothers, Ronald, “As Newark Bounces Back, So Does Mayor.” *New York Times*. January 31, 1998.

amounted to racial discrimination against the people of Newark. In the same speech he criticized New Jersey Governor Christine Todd Whitman for refusing to release \$75 million in state funds to help build the arena. James said he used the speech to put his view on the public record, specifically: “The issue of locating the Nets and Devils in Newark has nothing to do with finances, nothing to do with mortar and brick issues or site selection... The real issues are being discussed privately, not publicly. The real issue is that... white hockey fans will not come to Newark to watch ice hockey.”²⁰ Governor Whitman and Republican leaders in the statehouse characterized the accusations by James as “out of order” and “misguided.”²¹ Despite his reluctance to involve himself in the details of the development process, Mayor James plays a major role in attracting economic investment to the city through his high-level deal making and frequent public announcements. The controversial aspects of his activities, however, are overshadowed by only one other government institution in Newark — the city council.

The Municipal Council

The nine elected members of the Newark municipal council are generally supportive of urban development issues, especially those providing new business or jobs to their ward or political power-base. Like the development office, council members favor the “big bang” development projects that increase the attention and investment Newark receives from the outside world. The most attention-grabbing aspect of the Council itself, however, is its reputation as a corrupt and self-aggrandizing political body. Newspaper coverage in the *Star-Ledger* frequently reports the latest scandals involving council members as often as it covers official council business.²² Because of its negative reputation, the council is largely isolated from the development process; development entrepreneurs

²⁰ Jordan, George E., “James: Let arena choice be colorblind.” *Star-Ledger*. July 2, 1998.

²¹ *Ibid.*

²² The benefits enjoyed by City Council members are a constant issue raised by the local press coverage. Newark council members make \$76,400 annually for what is considered a part-time job, making them some of the highest-compensated municipal officials in the United States. Jordan, George E. and Jesse Drucker, “Newark Council winners put perks on notice.” *Star-Ledger*.

consciously avoid making contacts with council members or seeking out their input on projects. Lacking the executive power of the Mayor, the main developmental authority of the municipal council is to review the recommendations of the Central Planning Board on city development projects. The council can also indirectly participate in development conflicts when neighborhood activists seek assistance from members and use council meetings as forums to discuss community issues. While supportive of the overall concept of economic development, the city council is the government branch that most often resists the plans of the development office. Council members are the city officials with the closest connections to the people and their views can sometimes reflect the conservative view of neighborhood residents opposed to changes in community. The council's conservative opposition to community development is also reflected in its hostility to outside investors and business interests acting in Newark.

Bunker mentality

A unique characteristic of the elected leaders of Newark is a vocal animosity toward outsiders who are not native or sympathetic to Newark. Newark political insider and consultant Gus Henningburg, who does not live in Newark himself, attributes this reaction to the decades of isolation that Newark faced as one of America's most-maligned cities. "The many years when Newark served as the butt of jokes created a bunker mentality that has not gone away. It will take a while for Newark to become a regional and open city again."²³ The feelings of distrust toward outsiders are most present among the city council members. Henningburg describes an episode in which a new developer working in the city attempted to introduce himself at a city council meeting and was brusquely interrupted by a councilman who asked him, "Where do you sleep at night?" and then lectured him on how Newark didn't like wealthy interlopers. Henningburg believes the close-minded attitude of the city council reflects Newark's continuing struggle to vanquish its past and to reinvent itself as a city ready for redevelopment.

²³ Interview with Gus Henningburg. August 20, 1999.

The isolationist tendencies of the old Newark visible on the municipal council contrast the open-door mentality advocated by the pro-development offices of the Mayor and department of development. While certain elements of City Hall seek to create an accessible image of the city, other more suspicious factions are distrustful of all outsiders involved in the development process. Al Faiella and the department of development must overcome not only the opposition of neighborhood activists, but also the bungling nature of the city council and the encumbering reputation of the city itself. However, the pro-growth faction of city government does have allies in its quest for an economic revival. Over the past several years, development entrepreneurs have been willing to provide energy and resources to overcome some of Newark's legendary inertia against economic progress.

Development entrepreneurs

The most important factor differentiating the recent growth era from past attempts to revive the city has been the involvement of private investment and corporate interest in Newark's development. In the early 1990s a group of philanthropists and foundations committed to re-establishing Newark as a major regional city set in motion several large-scale projects designed to bring attention and investment to the city. The most successful example of this lead-off development effort was the New Jersey Performing Arts Center (NJPAC). The early public investment in NJPAC laid the groundwork for the commercial entrepreneurs who later invested in Newark's downtown real estate market. Development activity in Newark quickly moved from paper plans to brick and mortar foundations after NJPAC opened in September 1997. The resources and attention focused on the arts center raised downtown property values and attracted several major real estate developers from Manhattan to speculate on Newark's potential building boom.

NJPAC background

Because NJPAC was envisioned to lead an economic revival, the arts center investors placed the goal of improving downtown Newark above the desire to make a genuine profit. Starting from the moment Newark was chosen as the site for NJPAC by a study commissioned by Governor Thomas Kean in the mid-1980s, the performing arts center was promoted with the goal it would serve as a “catalytic change agent” for the city. But the arts center faced many critics during its decade-long road to completion, including arguments against the choice of locating the center in Newark. Jeff Norman, the Assistant Vice President for Community Relations, describes the early fundraising days for the center as a struggle to answer the persistent question, “why Newark?” broached by potential supporters. In response, Norman and others would explain that downtown Newark offered the best location for the arts center to create an urban revitalization in New Jersey. Recalling the criticism the project received during its early years, Norman describes how suburbanites attacked the project’s urban location, while Newark residents opposed having an “elitist” suburban facility built in their city. Norman claims these tough questions pushed the NJPAC staff even harder to sell the reality of the arts center. NJPAC was able to line up financial support and benefactors, according to Norman, by tapping into people’s memories of Newark as a once-thriving city, and emphasizing the transportation links and arts institutions that made it a viable location. When the arts center opened represented a public-private accomplishment on an unprecedented scale in the history of the city. NJPAC established the reality that development like this could occur successfully in a city like Newark.²⁴

²⁴ Entrepreneurs and foundations saw the new facility as the cornerstone for a new era of development in Newark, and a dramatic step to integrate the suburbs and the inner city once again. Building on this potential, the arts center utilized existing funding sources in the Newark regional area from the foundations of large corporations such as the Prudential Insurance Company, the CIT Group, and Chubb Insurance. McGlone, Peggy, “NJPAC’s first year: Few missteps amid a bright season.” *Star-Ledger*. July 12, 1998. First Section.

Urban impact of NJPAC

The impact of the arts center to promote further downtown development was not an accidental outcome, but rather a central goal of the whole project. Larry Goldman, who serves as the CEO and Executive Director of NJPAC, is described by his colleagues as a big believer in cities and in creating commercially vibrant urban streets. Goldman, who has a background in urban planning, intended to make the arts center a model for the future of downtown development in the city.²⁵ Jeff Norman describes the very high standards NJPAC executives set for the impact of the arts center on downtown development. “If everything stood in place as it is today, and ten years from now we were still filling the seats and a little bit of investment was coming in, but not everything was changing, I would think a lot of us would consider NJPAC a failure.”²⁶ While NJPAC did not set off a wave of arts-related development, the city has witnessed a substantial transformation of downtown office space and rising property rates. Instead of inspiring art studios or galleries to move into the city, NJPAC gave a substantial boost to business investment and real estate in the downtown area.

Attracted by the positive newspaper articles about NJPAC and the ongoing transformation of downtown Newark, investors in real estate were the first business entrepreneurs to venture back to Newark. These early investors were interested in the quick profits that could be earned by purchasing, renovating, and then re-selling Newark buildings. Property values and rents for office space in Newark had always been much lower than Manhattan and Jersey City, but in the mid-1990s the stock in Newark property began to rise. Describing the impact of the arts center on Newark’s development, Gus Heningburg proclaims: “Every developer who has come to Newark since NJPAC opened has publicly said that he came to invest in Newark because of the Performing Arts Center. They don’t

²⁵ One of the five original goals for the arts center was for it to serve as an “agent for redevelopment.” Interview with Jeff Norman. September 3, 1999.

²⁶ Interview with Jeff Norman. September 3, 1999.

imply it. They say it.”²⁷ By the accounts of most observers NJPAC succeeded as a public project designed to encourage a new expansion in private development.

New Funding

Private investment is the primary funding engine behind the recent downtown economic development in Newark, a considerable change from the federal funding which dominated the 1960s-era urban renewal projects. With the federal government as a minor player, Newark and other cities have turned their attention to private investors and combinations of state, local, and private funding. The private investment approach is employed most extensively in downtown projects such as office buildings, malls, and small businesses²⁸. The new investment comes primarily from established real estate and development firms that consider Newark a worthy business prospect rather than a philanthropic charity. There is still a division between speculators interested in making money in the real estate market, and long-term developers and corporations committed to revitalizing Newark. Some of the new developers in Newark embrace the idea of joining an urban renaissance; these entrepreneurs attribute some of their motivation to invest in Newark as the result of their interest to contribute to the city’s revitalization.²⁹ More and more companies doing business in Newark realize that contributing to the economic growth of the city is as important as making a profit.

While the expected pro-development alliance between entrepreneurs and urban politicians frequently occurs, the union of politics and business is not an automatic event in big cities. Several of the Newark entrepreneurs committed to rebuilding the city as a viable place for both business and residents maintain their independence from the city on development issues. Their concern with promoting a more public-friendly development plan has led them into confrontations with city

²⁷ Interview with Gus Heningburg. August 20, 1999.

²⁸ Some attempts have been made to build affordable housing through funding from private sources. Interview with Raymond Codey. August 26, 1999.

²⁹ Steven C. Witkoff, a prominent New York investor who has bought several large buildings in Newark said the city reminded him of another real estate recovery zone. Mr. Witkoff said, “I love Newark. It reminds me of lower Manhattan three years ago. It’s centrally located and its going to take off.” Bagli, Charles. “Investors Bet on Revival for Troubled Newark.” *New York Times*. July 5, 1998.

officials. In one recent example a development project championed by the city came under criticism from the New Newark Foundation, the private group funded by Ray Chambers to redevelop the downtown arts district.

In the spring of 1999 the city announced that the federal government's General Services Administration was interested in building a 14-story tower for the local office of the FBI along the Passaic River waterfront and next door to the New Jersey Performing Arts Center. Entrepreneurs who wanted to preserve the green space along the river for recreational use opposed the plan put forth by the city. As the development office argued the importance of this deal to the newspapers, urban planners at New Newark accused the city of giving away prime real estate near the arts center that could be developed for a better public use. The controversy is still ongoing at the present time, but with the influential backing and support from the deep pockets of Ray Chambers, New Newark is a voice in the city that the politicians cannot ignore. The major goal of New Newark is to promote the preservation of public spaces and protect some of the best downtown land from commercial development. The disagreement over the FBI tower illustrates how the entrepreneur category in Newark is clouded by the unconventional position of Ray Chambers and his multi-dimensional development operations within the city. Chambers, a Newark-native, made millions in the early 1980s in the home health care industry before donating much of his wealth to support non-profit educational and service organizations in Newark.³⁰ The contributions of Chamber's money and development goals have been extremely influential in Newark, yet his unorthodox background and motivations make his presence an unpredictable force in the power dynamics of the city.

³⁰ But Chamber's lack of business connections to Newark contradicts the model of the self-interested corporate philanthropist. Chambers was a major and early benefactor to the New Jersey Performing Arts Center, as well as the source of funding and guidance behind the downtown arts project of the New Newark Foundation. Chambers purchase of the New Jersey Nets basketball franchise in July 1998 and his plans to move the team to a Newark arena would represent his first major business connection to the city. But unlike most team owners, Chambers and co-owner Lewis Katz donate 38 percent of the profits they earn from the Nets to community development programs. If the team doesn't make a profit during the year, Chambers donates \$200,000 to the charity organization. Gerstenzang, James, "Seeking Poverty Solutions in Newark." *New York Times*. November 5, 1999.

The most recent Chambers-backed project in Newark has been the much-anticipated basketball arena for the New Jersey Nets. Both the department of development and Nets officials want to build the sports structure in downtown Newark. The majority of the financing for the arena will come from the private investment of Chambers and other team partners — a very unique gesture by a team owner. Most arenas are financed almost entirely through public contributions gleaned from local tax dollars. Chambers' history in Newark of supporting public projects like NJPAC and the basketball arena make him a popular figure with City Hall, but his willingness to support neighborhood goals also makes him a partial ally of community groups as well.

The Newark Community

The majority of community groups active in Newark today were born in the period just before or after the riots struck the city in 1967. When the Newark government retreated from serving the city's neighborhoods during the difficult years of the 1970s and 1980s, community organizations emerged to solve social problems that had become too overwhelming for individuals and churches to manage.

Community groups in Newark are generally divided into two main categories, although some groups overlap into both. "Neighborhood-based organizations" (NBOs) tend to operate out of a single building and conduct service work within the geographic limits of the surrounding neighborhood. Organized along ethnic or religious ties, these groups remain close to the community by focusing on educational and social service programs such as youth mentoring and adult literacy.

The second category contains groups called "community development corporations" (CDCs) which focus more on job training, home construction, and operations that require additional financial resources, professional staff, and business connections. CDCs are often larger than NBOs and frequently employ non-Newark residents as experts in development, finance, or administration. Some CDCs began as smaller organizations with limited outreach but were able to grow in both missions and resources. NBOs tend to be older than their more sophisticated counterparts, although there is an

increasing trend for traditional neighborhood groups to enter into the housing construction and job-training markets.

Most modern day community-based organizations are staffed with professional activists, run by personal computers, and funded by extensive development campaigns. Yet despite these professional additions that make today's community groups more powerful and flexible than the traditional 1960s-era pressure group, the strength and foundation of CBOs remains in the local community from where they draw support. Richard Cammarieri of the New Community Corporation warns that CBOs must never forget their obligation to the community. "If a NBO is not supportive or promoting independence and self-determination of residents, they are not quite what they say they are."³¹

³¹ Interview with Richard Cammarieri. August 26, 1999.

Nancy Zak has been at the Ironbound Community Corporation (ICC) for over thirty years working with the multi-ethnic and linguistic Ironbound neighborhood on issues ranging from toxic pollution to school overcrowding. She is a consistent critic of city development policy and especially of the lack of concern she claims the city shows for neighborhoods. The dilemma of neighborhood groups considering local activism, according to Zak, is the possibility of punishment by City Hall for opposing the development goals of the establishment. She said the potential consequences of activism could threaten the funding base of a community group. “The neighborhood-based organization’s nightmare is that if you do organizing you could lose your funding.”³²

Zak is familiar with the consequences of neighborhood activism. In 1997 ICC mobilized residents against a proposal by the city and Essex County to build a minor league baseball stadium on the site of Riverbank Park, one of the only two parks in the crowded Ironbound neighborhood. In the middle of the two-year fight which ICC eventually won, Zak says that Essex county retaliated by trying to cut funding for ICC’s “Meals on Wheels” program.³³ To insulate its political activism from its service programs, the Ironbound Community Corporation created a spin-off organization called S.P.A.R.K (Save our Park At RiverbanK) to organize the residents against the park project.

The largest and most profitable community development corporations in Newark, such as the New Community Corporation, have worked for many years to become independent from city funds to avoid the possibility of retaliation for activism. New Community is now the largest CDC in the United States and its accomplishments since its founding in a church basement in 1968 are legends in the community development world. “NCC is a city within a city” admitted Director of Development Raymond Codey of the organization’s understanding of its position Newark. But Codey quickly added that the organization does not want to wall itself away from the rest of the community.³⁴

³² Interview with Nancy Zak. August 19, 1999.

³³ The Ironbound residents defeated the stadium proposal by convincing the United States Department of Interior to declare the park, which was designed by Fredrick Law Olmstead, as a national historical landmark. The city later moved the stadium a mile north on Broad Street at another waterfront site. Interview with Nancy Zak. August 19, 1999.

³⁴ In one example of the organization’s independence, NCC neighborhoods replaced the lamppost banners proclaiming the

Despite a yearly budget of \$200 million and over 1,500 employees, NCC has tried to remain close to the community it represents. According to Codey, the NCC board is composed of many of the same people who have been with the organization for 30 years, including a police officer and a church secretary. Under the leadership of Monsignor William Linder, who started the organization while pastor of the Queen of Angels parish during the years just after the riots, NCC has grown to provide services ranging from its own security force to building elderly housing units. The financial influence and national prestige of New Community enables the organization to act with considerable independence.

The ability of large CDCs like New Community to take over the traditional roles of the government to build affordable housing represents a fundamental shift of responsibility from City Hall to the neighborhood. Community organizations like the New Community Corporation built hundreds of units of new housing over the past decade. Building housing both serves a public need and makes a profit for their organization. The units constructed by NCC are designed to be both affordable and easy for owners to maintain.³⁵ One drawback of the expansion of community groups into housing construction has been the response by the city government. The housing projects constructed by NCC have provided City Hall with the excuse to re-allocate its resources to focus on development projects in the downtown business district.

Newark community leaders have grown recently tired of bearing the burden for revitalizing neighborhoods on their own — they are seeking to upset the city's monopoly on economic development. Community groups are asking for additional commitment from City Hall and contributions from the influx of private investment to meet the needs of Newark's neighborhoods. Neighborhood groups want to channel outside investment into programs and development that will

city slogans, "Newark, On a Roll" with their own banners showing the NCC symbol of a small green house.

³⁵ Having learned from the disastrous consequences of high rise towers that were often characterized as "warehouses for the poor," all of the new public housing ventures involve low-rise buildings and bungalows with individual front doors and yards.

improve the lives of the residents they represent. City officials, however, explain that the projects put forward by the community groups lack the “commercial viability” of the city’s own projects which are accomplished in conjunction with private developers in the downtown business district.

In the decades since 1967, however, the divided nature of Newark’s wards has made it difficult for the neighborhood groups to share resources and work together on similar projects. The fragmentation of Newark occurred during the period just after the riots when many of the current community groups were being founded. During these chaotic years community groups supported and stabilized the neighborhoods while the city lost ground due to budget problems. The parochial divisions of Newark created by this system resulted in a city in which almost no community development corporations operated beyond the range of a single ward or ethnic group. Most community groups are only now beginning to organize away from their base of operations.

One issue that still unites many Newark community groups is the inferior amount of investment supplied by the city to neighborhood and community projects. However, the disconnected nature of neighborhoods works to the advantage of city officials who attempt to divide groups over specific development projects. Plans for ballparks and sports arenas enjoy popular support among the majority of city residents. They are regarded as controversial only in the neighborhoods in which homes and businesses will be demolished. To eliminate community-based opposition to controversial projects, city officials sometimes force neighborhood groups who have taken different sides on the development issues to oppose each other.³⁶

Communication problems

A fundamental problem that arises in the statements and actions of many of the groups working to revitalize Newark is the lack of effective and meaningful communication. The communication gap in

³⁶ The city attempted this strategy during the 1997 struggle over the baseball stadium in Riverbank Park. Ironbound residents opposed to the stadium staged a rally in the park that was broken up by a counter-rally organized by the city using fire trucks and legions of Little League baseball players and their parents from the Central Ward. Interview with Nancy Zak. August 19, 1999.

Newark is rooted in several institutional and historical factors in Newark created by long-standing disagreements between the major interest groups, especially between City Hall and the neighborhood groups. Each side persists in holding an unfavorable view of the other side and their development aims for Newark. Representatives from across the spectrum of neighborhood groups describe the various city development agencies and offices as standoffish and arrogant in their relationships with the community. In contrast, a high level Newark development official described the behavior of neighborhood groups as resembling “spoiled children.”³⁷ During the recent development conflicts in Newark neighborhood groups and City Hall have expressed consistently negative perceptions of each other.

Noticeably absent from the city is a central stage for community residents, politicians, and entrepreneurs to come together and discuss the various conceptions they have for Newark’s development. With interactions frequently taking place at public hearings or meetings, both sides rarely have a chance to meet in a non-confrontational setting with no major decisions are at stake. A contributing factor to the strained relations is the decision last year by the Newark City Council to discontinue the practice of allowing open comments at its public meetings. Members of the public must now sign up in advance to speak only on topics on the meeting agenda. Community activists are currently circulating a petition to force the council to allow open public comments, but the issue contributes to the feeling that the elected officials in Newark are increasingly out of touch with the needs of the community.

The consistently poor treatment of community groups by the city has created a feeling in the neighborhoods that the entire community development network faces a common enemy at City Hall. Hal Laessig of the East Ward activist group C.H.A.R.G. explained the growing understanding among

³⁷ Interview with Al Faiella. August 18, 1999.

community leaders opposed to the city. “It is becoming possible to see city opposition as a universal problem and not just as a problem of a particular group.”³⁸

The only available setting for open dialogue between city officials, neighborhood representatives, and developers were the monthly meetings of the Master Plan Workshop in the basement of City Hall. Kathleen Kelly, an official formerly with the Department of Economic and Housing Development, organized workshops in which outside consultants hired to create Newark’s Master Plan presented segments of the proposed plan for community members to comment on and review. Despite the more than 450 meeting notices the city claims to send out every month, community participation never amounted to more than a few dozen organizational representatives at each meeting, a number which decreased considerably after several months. Richard Cammareri, a life-long Newark resident and neighborhood activist, says he stopped attending the meetings after he realized how little input citizens were allowed in the Master Plan. “Controlling information is everything. The Master Plan meetings have been a very impressive display by the city in terms of controlling information.”³⁹

Cammareri added that neighborhood-based organizations must be wary of having their token participation co-opted by the city as evidence of community support for the city’s development plan. “Too often this talk of partnership and collaboration is designed to deconstruct dissent rather than gain any type of consensus.”⁴⁰ Cammareri’s warning reflects the decades of distrust between community activists and city officials that have made neighborhood groups in Newark wary of collaboration with City Hall. If neighborhood groups learn to boycott the one opportunity offered by city officials for them to participate in the process of community planning and development, the prospects for effective communication and progress are not encouraging. The next chapter will show how the divisions between City Hall officials and neighborhood leaders run deeper than the surface

³⁸ Interview with Hal Laessig. September 2, 1999.

³⁹ Interview with Richard Cammareri. August 26, 1999.

⁴⁰ *Ibid.*

issues at stake in Newark and reflect a fundamental difference in perspective that can be explored in the theories of urban economic development.