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Redevelopment**



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## Casino Gambling in Atlantic City: Issues of Development and Redevelopment

By JOSEPH RUBENSTEIN

**ABSTRACT:** In 1976 the citizens of New Jersey legalized casino gambling in the resort town of Atlantic City. Since the Great Depression, Atlantic City had been on an economic downswing representative of resort cycles in general. Casino gambling was supposed to revitalize Atlantic City and generate jobs and revenue for New Jersey. While the casinos have become successful, and jobs and revenue have been created, the revitalization of Atlantic City beyond the Boardwalk remains to be achieved. This outcome may be accounted for by pointing to rampant land speculation following the passage of the casino referendum, ineffective government intervention, and an historic urban planning pattern that emphasized Boardwalk and tourist-associated infrastructure development. With the casinos successfully in place, attention is now being paid to a second phase of development in order to improve other segments of the city.

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AFTER 1854, when a newly built railroad opened, large numbers of Philadelphians began arriving in Atlantic City. Even then a trip to the shore constituted an East Coast adventure. And in its origins, as historian Charles Funnel makes clear, its temper was set:

Bedizened, gauche, extravagant, conniving, ingenuous—Atlantic City from the start depended on the lower middle class for its success, and was the charming preposterous artifact of its customers' tastes.<sup>1</sup>

The Queen of the Jersey Shore may have aspired to be another Newport, but its attractions were unique, closer to Coney Island if comparisons are made. Over the last century, rolling cars and ferris wheels, the Million Dollar Pier and dime-a-dance halls, diving horses and Miss Americas twist together like so much salt water taffy.

Between 1890 and 1920 Atlantic City displayed the optimistic, expansive spirit of America. It was the American dream writ large, a resort town in which elite pleasures could be purchased by the common man. By the 1930s, however, the illusions of success and social mobility began to fade in Atlantic City as did the American dream. Stansfield<sup>2</sup> describes the resort cycle in Atlantic City and the pattern of decline as "representative of a general resort experience." After World War II Atlantic City continued its slide, perhaps due to changing tastes or access to affordable air travel. Whatever the reasons, by the early 1970s,

vacationers and conventioners were bypassing Atlantic City in favor of more exotic destinations. Atlantic City's location and special pleasures notwithstanding, to many the trend seemed irreversible.

Data from the 1970 census support that conclusion and illustrate Atlantic City's depressed condition. The pervasive poverty spawned two major ghettos: elderly and black. The average unemployment in the city was 8.8 percent, compared to 4.4 percent in Atlantic County, and in some sections the rate was over 20 percent. Two-thirds of the year-round housing stock was built before 1939. Data from the 1980 census indicate a continuing trend. Since 1970 in the Inlet of Atlantic City, which is the poorest but now the most sought-after area, 50 percent of the housing stock has been lost in the northern section and 20 percent in the southern. Within the Inlet the population decreased by 50 percent between 1970 and 1980, while overall loss of population in Atlantic City was 16 percent, dropping from 47,000 to 40,000.

The factors comprising the resort cycle at its ebb in Atlantic City include an unemployment rate that approached 20 percent, a decline in housing stock, an outmigration of population, a 40 percent reduction in hotel rooms, a fading visitor and convention trade, a decrease in luxury tax receipts, a 15 percent reduction in commercial receipts, and an almost complete absence of private investment.

By the mid 1970s Atlantic City began searching for a remedy. The proposed cure to revive the resort was casino gambling. This activity's prime importance was that it could be concentrated on the Boardwalk. For as local wags had it, "So goes the Boards, so goes the city."

1. Charles Funnel, *By the Beautiful Sea: The Rise and High Times of That Great American Resort, Atlantic City* (New York: Alfred E. Knopf, 1975), p. 24.

2. Charles Stansfield, "Atlantic City and the Resort Cycle: Background to the Legalization of Gambling," *Annals of Tourism Research* (Apr.-June 1978).

THE CASINO REFERENDUM:  
YES OR NO?

Before a casino referendum could pass in New Jersey, voters would have to be convinced that legalized gambling was free of its assumed associations with organized crime. Dombrink<sup>3</sup> reports that no other issue, neither compulsive gambling nor the regressivity of legalized gambling as a taxation device, poses problems for the legitimation of casino gambling as does the question of organized crime involvement. Skolnick<sup>4</sup> had already demonstrated the real difficulties in organizing and regulating the Nevada gaming industry, and it was hoped that things would be different in New Jersey.

Dombrink asserts that "the legitimacy and reputability of the organized crime-stigmatized legal casino industry . . . depends upon the political will of powerful political and economic elites." In 1972, before the New Jersey State Gambling Study Commission, the mayor of Atlantic City stated,

[Casino gambling] . . . will be an effective weapon to fight organized crime by removing to some degree funds from the organized crime pool. . . . Consequently more entrepreneurs and politicians are looking to the gambling market for profits and revenues that could help solve chronic city and state financial crises.<sup>5</sup>

Despite these assurances, the legalization of casino gambling in Atlantic

3. John Dombrink, "Outlaw Businessmen: Organized Crime and the Legalization of Casino Gambling" (Ph.D. diss., University of California, Berkeley, 1981).

4. Jerome Skolnick, "The Dilemmas of Regulating Casino Gambling," *Journal of Social Issues*, 35:3 (1979).

5. Mayor Joseph Bradway, quoted in New Jersey State Gambling Study Commission, *Public Hearings*, Oct. 1972.

City suffered a false start. A 1974 referendum was defeated by New Jersey voters. Three major reasons were given for the setback:

- the lack of strong controls over casinos and their development;
- the absence of any limitation on the geographical placement of casinos within the state; and
- public ownership of the casinos.

In 1976 pro-casino forces mounted a second, well-financed campaign. The Committee to Rebuild Atlantic City received more than \$1.2 million in contributions and outspent their opponents 60 to 1. This time the proposed bill corrected the three major deficiencies with

- the creation of a strong Casino Control Commission;
- the location of casinos only in Atlantic City;
- the private ownership and state regulation of casinos.

Throughout 1976 pro- and anti-casino forces waged battle. The strongest anti-casino organization, *Casinos? No Dice!*, was sponsored by the New Jersey Council of Churches. Reservations were also expressed by the state attorney general and the U.S. attorney for New Jersey. In addition, a major obstacle facing pro-casino forces was the publication of the preliminary findings of a three-year federal study entitled *Gambling in America*.<sup>6</sup> The release of this report during the casino campaign was obviously not coincidental and, among other things, it

6. Commission on the Review of the National Policy toward Gambling, *Gambling in America* (Washington, DC: Government Printing Office, 1976).

downplayed the significance of casino revenue in redeveloping ailing cities. It cited the enormous costs of support services for the casino industry, which would defer revenue from the development of the noncasino areas of a city. Finally, it pointed to social problems such as increased crime or compulsive gambling that might arise if casinos were placed in populous areas.

In reply, pro-casino supporters countered that Atlantic City was not urban in the sense described in the report. It was, instead, isolated geographically and therefore an ideal location for a gambling resort. Further, they argued that the moral issues were overstated compared to the economic benefits that would accrue to the city as a result of casino revenues.

On 2 November 1976 the voters of New Jersey amended their state constitution and legalized casino gambling in Atlantic City by a margin of 56 percent in favor, out of 2.6 million votes cast. That night there was dancing in the streets of Atlantic City, and locals likened it to the end of World War II. The next morning *The Press* of Atlantic City shouted, "CITY REBORN!"

In the midst of the jubilation, however, other, more sobering issues were raised. What would be the impact of casino gambling on the social and cultural fabric of Atlantic City? How would the differing interests of the city, the state, and the casinos be reconciled? And, significantly, which sector would lead the revitalization?

#### DEVELOPMENT AND REDEVELOPMENT IN ATLANTIC CITY

In the seven years since the passage of the casino referendum an intense debate has arisen concerning Atlantic City's

redevelopment as measured against the casino industry's development. Locally the pro-casino *Press* concedes that progress within the city has been slow:

True, a drive around downtown Atlantic City and into some neighborhoods is discouraging. Little has changed in five years. If anything, some areas are worse. But it would have been overly optimistic to expect an entire city to be torn down and rebuilt in just five years.<sup>7</sup>

This is a significant admission and a revision of earlier expectations to conform with the realities of casino development in Atlantic City. Nowhere, when the gambling referendum was debated and then passed in 1976, was there talk of "an entire city to be torn down." Of course there would be change associated with the revitalization, but redevelopment and rehabilitation were still operative concepts.

The period 1976 to 1983 has been called "Phase One" or the "First Wave." The loss of neighborhoods along with the inevitable victims of so-called progress—the poor, the elderly, and ethnic minorities—has become an accepted and legitimated fact. The First Wave underscores the lack of control by government and community groups within Atlantic City; it appears that rapid development in the casino sector has directed the pace of noncasino redevelopment. "Phase Two," or the "Second Wave," with nine casinos and a new government in place, is now designated as that period when a plan for the city may be at hand.

In retrospect, the pattern of Phase One reflects the priorities of historic urban planning strategies in Atlantic City that have consistently stressed

7. *Press* (Atlantic City), 26 May 1983. Copyright 1983 by The Press. Reprinted by permission of the publisher.

Boardwalk development before inner city development. At a 1982 conference at Stockton State College the judgment of the chief policy planner for the Casino Control Commission, Barbara Lampen, described the result:

gaming was [supposed to be] merely a component of the "new" Atlantic City, not its dominant theme. [But] . . . the development efforts in Atlantic city to date have focused almost singularly on establishing the gaming industry.<sup>8</sup>

At that conference political scientist Charles Tantillo was more critical:

The "tool" has not worked. Atlantic City's poor are still poor; and the urban decay which gripped the city prior to the enactment of casino gambling continues today, unchecked.<sup>9</sup>

His analysis refutes the popular Boardwalk trickle-down theory, which is "the deeply ingrained and historic belief that the key to a healthy city was a thriving Boardwalk industry." In an extensive review of the master plan's six-year project spending, Tantillo concluded that "the main thrust of the baseline projects was the upgrading of the city's physical infrastructure to support the gambling industry."<sup>10</sup>

8. Barbara Lampen, "The Role of Legalized Gambling in New Jersey—A Regulator's Viewpoint" (Paper delivered at the Conference on Atlantic City, Tourism, and Social Change, Stockton State College, Pomona, NJ, 3-5 May 1982), p. 2.

9. Charles Tantillo, "Casino Gambling and Urban Redevelopment: The Atlantic City Experience" (Paper delivered at the Conference on Atlantic City, Tourism, and Social Change, Stockton State College, Pomona, NJ, 3-5 May 1982), p. 1.

10. Charles Tantillo, "A Unique Tool of Urban Redevelopment: Casino Gambling in Atlantic City" (Rutgers, NJ: Center for Urban Policy Research, Rutgers University, 1981), p. 23.

This bias has so dominated thinking in Atlantic City that its participation in the Model Cities Program was terminated by the Department of Housing and Urban Development in 1968. The city allocated over 97 percent of its funds to Boardwalk and convention-oriented physical development and thus failed the federal test of comprehensiveness. Post-casino planning demonstrates the same logic and appears to validate the National Gambling Commission's concern that infrastructure expenditures will be biased in favor of casino development. Gladstone Associates' master plan for Atlantic City asserts this direction:

With the opening of Resorts International, the revitalization of Atlantic City began. Central to the continued revitalization is the growth and development of casino hotels. . . . Substantial public investment will be required to accommodate this growth.<sup>11</sup>

#### CASINO SUCCESS: THE NUMBERS

In 1983 the spectacular growth of the casino industry during Phase One was demonstrable. Atlantic City was the most visited city in the United States in 1981 and 1982, averaging over 20 million tourists each year. The average daily win for all nine Atlantic City casinos was \$4 million. Gross casino revenue has continued to increase every year since 1978, when it totaled just over \$134 million. By 1982 the figure had jumped to almost \$1.5 billion, and in 1983 the casinos took in over \$1.8 billion. With a tenth casino scheduled to open in

11. Gladstone Associates, "A Six Year Capital Improvement Plan: Cost and Funding Analysis: Atlantic City, New Jersey, 1979-1984" (Prepared for the Atlantic City government, 1978), p. 5.

1984, the projected casino gross revenues are \$2.1 billion, which will surpass the gross casino revenues of Las Vegas.<sup>12</sup>

The success of the casinos, even with the Boardwalk development as an accepted priority, was not automatically ensured. The year 1980 was not profitable for the casinos. They felt that the government had intruded into areas that should have been under the control of management, and in some cases they threatened to abandon projects or wait for legalization in other jurisdictions if the situation was not rectified. The casinos' profitability was to be linked with their deregulation, and in this regard 1980 was a watershed year.

In the succeeding year the Casino Control Commission began to deregulate the casino industry. Boardwalk development and casino profitability became the cornerstones of Atlantic City revitalization. The chairman and the vice-chairman of the commission indicated that the commission should avoid telling sophisticated business persons how to operate their companies. Deregulation included changes in the rules of various games, reducing the number of minimum bet tables, raising the minimum blackjack bet from \$2 to \$3, and other issues of management. The executive director of the Atlantic City Casino Hotel Association commented a year later, "The improvement this December [1981] over December 1980 can be traced directly to the relief we have gotten from the Casino Control Commission."<sup>13</sup>

12. *Growth Trends Report: First Quarter 1983* (Atlantic City, NJ: Atlantic County Division of Planning, 1983).

13. Martin B. Danziger, "Ancillary Industries: The Regulatory Agency's Responsibility," in *The Gambling Papers: Proceedings of the Fifth National Conference on Gambling and Risk Taking* (Reno: Bureau of Business and Economic Research, University of Nevada, 1982), vol. 8. On the

As profits in the casino industry grew, increased tax revenues accrued to Atlantic City and the state of New Jersey. In 1977 the casinos paid \$2.1 million in property taxes to the city, which represented 9 percent of total Atlantic City revenue collected. By 1982 the casinos were paying \$40.3 million to the city, which now represented 59 percent of property tax revenue. The Atlantic City luxury tax and the New Jersey state sales tax increased from \$3.6 million in 1978 to \$8.2 million in 1982.

From the industry's point of view the initial promises had been fulfilled. The increase in tax ratables greatly increased the city's bonding capacity and would enable the city to make long-needed repairs. The tax base jumped from \$314 million in 1975 to \$1.5 billion in 1982 and will increase even more as new casinos are added along with noncasino projects such as luxury condominiums and shopping malls.

In other areas the numbers are equally impressive. Perniciaro and Elmore's review<sup>14</sup> of the casino-hotel labor force cites dramatic changes. In 1976 the Atlantic County labor force totaled 81,300; by 1983 this figure had risen to

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complexity of licensing and regulation, see, for example, William J. Downey, "Problems in Determining the Suitability of a Casino License Applicant: Legal and Ethical Issues," in *Gambling Papers*; Philip Satre, "A Report on the Impact of the New Jersey Casino Control Act and Related Regulations on Harrah's Marina Casino Hotel," in *Gambling Papers*; and David Gardener, "Changing the Rules: Regulation and the Atlantic City Casino Industry," in *Travel and Tourism Research Association Proceedings* (Salt Lake City: Bureau of Business Research, University of Utah, 1981).

14. Richard Perniciaro and Elizabeth Elmore, "Economic Change in Atlantic City: A Housing and Labor Analysis" (Pomona, NJ: Stockton State College, 1983).

119,000. These figures are largely attributable to the casino industry. It is estimated that each casino-hotel employs from 3000 to 4000 people. In 1982 the nine operating casinos employed over 30,000 people with a payroll of over \$438 million.

There have been many accusations regarding the distribution of jobs; in truth, the accusations have been difficult to verify. Certainly in the beginning, Atlantic City residents felt that outsiders were employed in the premium jobs. Casinos were granted waivers by the Casino Control Commission when it could be demonstrated that New Jersey applicants did not possess the technical skills for a particular category. While there may be a small number of circulating elite personnel, there can be no doubt that New Jersey residents occupy the majority of positions. A recent survey indicated that 75 percent of casino personnel now reside in Atlantic County and 25 percent in Atlantic City.<sup>15</sup>

The evaluation of occupational categories held by Atlantic City residents is more complicated. Traditionally theirs had been a three-month summer economy with high unemployment in the winter, and a 12-15 percent unemployment rate when averaged for the entire year. Many Atlantic City workers were employed in construction or hotel service jobs, and they have benefited directly from the year-round economy that arrived with the casinos, although there have been some layoffs in the colder, wetter winter months. Whether Atlantic City residents have been given access to the higher-paying casino jobs remains an unanswered question. Finally, the

1983 unemployment rate in Atlantic City stood at 10.2 percent. No doubt this figure reflects to some degree national trends, but it is also clear that the gambling industry has lured many to Atlantic City, where they have then been unable to find employment.

The Casino Control Act stipulates that 8 percent of casino revenues are to be taxed and placed into a fund to aid the elderly and handicapped. In 1978 the proceeds of the casino revenue tax were \$10.7 million, and in 1982 the figure rose to \$119.4 million. The program had initial problems as some of the money was appropriated for home-owner rebates, but the present governor of New Jersey appears committed to the original intent of the legislation and recently projected that senior citizens might expect to see rebates of \$175-\$200 toward utility bills. In addition, the money can be used for medical prescriptions and property tax relief.

The Casino Control Act also provides for a 2 percent reinvestment in Atlantic City and elsewhere when a casino's gross revenue exceeds total investment. The money is required to be spent on tourism, recreation, transportation, or other projects that will promote the health and well-being of the state. For the first three years of casino operation 50 percent of the reinvestment must be made in Atlantic City and 50 percent in other municipalities in the state. Thereafter, the percentage shifts to 25 percent in Atlantic City and 75 percent in other municipalities.

This provision is extremely controversial. At present there has been no reinvestment in Atlantic City by means of this statute. Some explain its failure as further evidence of the historic Boardwalk development pattern. Others claim, citing the large land holdings of

15. Casino Hotel Employee Housing Needs Survey (Atlantic City, NJ: Atlantic County Division of Planning, 1982).

the casinos, that it is the intention of the industry to build off the Boardwalk only when they can be assured of the profitability of their investment. This would seem to negate investment in the redevelopment or rehabilitation of low-density residential properties that would stabilize remaining neighborhoods.

The casino industry has lobbied extensively for the removal of the 2 percent reinvestment provision. What other industry, they ask, is required to make such a contribution? Instead the casinos have taken advantage of a loophole in the law that allows them to hold their money for five years and then pay a 2 percent added tax. The industry has determined that, until the provision is eliminated, it is cheaper to pay the tax than reinvest.

#### CASINO SUCCESS: THE PROBLEM OF LAND SPECULATION

The impact of massive casino development is most visible in the battle for land in Atlantic City. The city's business community and residential population has felt the pressure most directly. Rising property taxes and selective reassessment along with uncontrolled land speculation have combined to drive out many original Atlantic City landowners and renters.

In 1983 the casinos owned 1000 of the remaining 3000 developable acres in Atlantic City. Anastasia discovered inequities in the tax assessment process that he claims have aided developers and speculators at the expense of residents.<sup>16</sup> Between 1978 and 1980 he recounts the history of a desolate parcel of land in the Inlet that was sold three

times, first for \$151,000, then for \$425,000, and finally for \$1.1 million. Land that at one time had been \$8-\$9 per square foot has been recorded as high as \$100-\$150 per square foot. During this period, home owners in other parts of the city were receiving reassessments that doubled and tripled their tax bills. Yet there was no reassessment in the Inlet. This particular piece of land remained valued at \$20,000 with a tax bill of \$800; similar parcels elsewhere were taxed at \$3000-\$4000.

Why was this the case? Anastasia argues that the policy of redevelopment and rehabilitation in the needier parts of the city was abandoned in favor of a policy that encouraged the casino development attractive to land speculators. In the South Inlet, for example, one casino purchased land for \$3.5 million and was assessed \$230,000; this deprived the city of over \$135,000 in taxes. Anastasia concludes, "For three years the city literally subsidized speculators in the area, while poor residents were driven from their homes and middle class residents taxed out of theirs."<sup>17</sup>

In 1982 the New Jersey State Court ordered the first reevaluation of property in Atlantic City in 20 years. Two outcomes stirred protest: first, the suggested reduction of the casino industry's percentage contribution to total Atlantic City tax revenues from 50 percent to 41 percent; second, the increase in tax assessments on noncasino properties located near the casinos.

The impact of casino development on the local business community remains a sore point. Many felt that casinos would revitalize the central commercial dis-

16. George Anastasia, "How Atlantic City Crapped Out," *Philadelphia Inquirer*, 8 Nov. 1981.

17. *Ibid.* Copyright 1981 by The Philadelphia Inquirer. Reprinted by permission of the publisher.

trict, which, of course, had been decaying long before casinos arrived.

Such revitalization has not occurred. Visitors rarely leave the restaurants and boutiques in the casinos. Furthermore, the Casino Control Commission reports that the casino industry spends over \$300 million a year in goods and services to run their businesses and estimates that over 60 percent goes to New Jersey firms. Yet most of the money is obviously being spent outside Atlantic City. For example, of the 383 businesses that list themselves as food suppliers to the casinos, only 75 have Atlantic City addresses, and most of those are small sandwich shops rather than large-scale purveyors. Of the 221 office supply and furniture dealers, only 16 are local.

The Conway Atlantic Avenue revitalization study<sup>18</sup> is instructive. Local market trends indicate that enough commercial office space exists to meet the demands of banking, government, casino, and other professional industries. For retail business, the demand is low. Little of the nearly \$2 billion invested in the city over the last six years improved the lot of the merchant class. The Conway study cites an antiquated retail stock and a decaying and increasingly crime-ridden streetscape as reasons for lack of tourist traffic and low investment.

The Atlantic County Division of Economic Development reports that in 1978 the retail sales figure for Atlantic County was \$722 million, and by 1982 that figure had reached nearly \$1 billion. However, in Atlantic City retail sales declined from \$256 million in 1978 to \$254

million in 1979, and only recently have they rebounded slightly. In 1979 there were 116 apparel stores in Atlantic City; by 1981 that figure was down to 61. Similarly, the number of eating and drinking establishments in Atlantic City declined from 240 to 191. Between 1980 and 1982, 143 new retail stores opened in Atlantic City, yet only 53 opened in off-Boardwalk sites, and of those only 5 located in what could be considered downtown.

Many argue that the revitalization of the commercial district in Atlantic City must be linked to the question of housing. Atlantic City must be a thriving residential community that will cause the downtown to grow, and from that growth it might be able to attract visitors off the Boardwalk.

Perhaps no other issue has aroused such passion as the question of housing. It may be used as a final example of the contradictions associated with casino development and Atlantic City redevelopment. One must distinguish between owners and renters and between residents and speculators.

The loss of housing in Atlantic City and the deteriorated remaining stock has been mentioned. Uncontrolled land speculation and selective reassessment in Phase One have combined to exacerbate the situation to the point at which the poor, the elderly, and ethnic minorities have found it increasingly difficult to maintain their neighborhoods.

In addition to the preceding practices, the battle for land often takes place through the mechanism of rezoning. Quite simply, it is more profitable to own a parcel that is rezoned for classification as high-density residential or casino commercial than it is to own a low-density residential one. Properties have been allowed to fall into disrepair

18. *Atlantic Avenue Revitalization Strategy*, prepared for the city of Atlantic City, Housing Authority and Urban Redevelopment Agency (Atlantic City, NJ: W. G. Conway, Apr. 1982).

or have become targets for arsonists as rezoning variances are sought. This has had the effect of dislocating large numbers of low-income renters in Atlantic City, where close to 70 percent of the residents were renters, compared to a nationwide average of 35 percent.

A comprehensive survey<sup>19</sup> of North Inlet residents, resident property owners, and nonresident owners summarizes the contradictory interests within Atlantic City. When asked about their preferences for rezoning, nonresident owners selected high-density residential or commercial classifications. This would make their property more valuable, and they would be glad to sell and move out. Middle-income renters and resident home owners opted for mixed zoning, and most were "committed to remaining in the North Inlet Neighborhood." Finally, those least likely to benefit from rezoning were the low-income renters. Their concerns were the deterioration of buildings, rising rents, and the ability to remain in their homes.

#### CONCLUSION

The economic decline in Atlantic City appears representative of a generalized cycle of resort experience. The mechanism of casino gambling to revitalize the city has had mixed results. Most apparent is the contradiction between successful casino development and a lagging noncasino redevelopment. This is seen most vividly in the failing commercial business district and in the vacant, deteriorated lots of the remaining developable acreage.

The pattern of development can be accounted for in several ways. First, historically the development of the Boardwalk has always taken precedence over the inner city. Second, the profitability of the casino sector was deemed to be a cornerstone of the noncasino revival, and the concomitant state deregulation of the industry ensured its success. Finally, the failure of state and local governments to intervene immediately following the casino referendum enabled uncontrolled speculation, combined with instances of selective reassessment and unplanned rezoning, to rapidly change the ownership of many key properties and drive out significant numbers of original residents.

A cross-cultural review of tourism development indicates that Atlantic City's situation is not unique. Emmanuel deKadt concludes that in most cases, industry profit precedes host country redevelopment:

The main emphasis of tourist plans and policies has been upon increasing gross returns from this activity. . . . Less attention has been given to maximizing net returns, let alone ensuring that those returns are distributed in a fashion which corresponds to stated objectives regarding income distribution.

Where tourism planning has been undertaken it has often been remedial, attempting to intervene after much development has taken place.<sup>20</sup>

Phase Two planning and redevelopment in the noncasino sectors of Atlantic City is, of course, possible if immediately undertaken. Further delay will completely alter the social and cultural character of the resort. The action will be remedial so far as much development

19. *A Survey among Property Owners and Residents of the North Inlet Area* (Atlantic City, NJ: A. J. Wood Research, 1981).

20. Emmanuel deKadt, *Tourism: Passport to Development?* (New York: Oxford University Press, 1979), p. 21.

has taken place and large portions of the original population are gone. Forceful measures must be undertaken by the state and local government to stabilize the existing situation.

Key to revival of the central business district is an infusion of seed money and an overall urban design strategy that is coordinated by both the public and private sectors. A reconceptualization of redevelopment is needed that involves those segments of the community beyond the Boardwalk. The image of Atlantic City as only a boardwalk with a resident service population should change.

With casino profitability assured, state and local government must develop and enforce a comprehensive redevelopment strategy to counteract the impact of land speculation, selective reassessment, and unplanned rezoning. A recent housing market study<sup>21</sup> suggests many possible measures for neighborhood preservation and housing development. Some of the key features are

- preservation of existing stock through vigorous enforcement of housing codes to prevent deterioration;
- strong anti-arson measures;

- tax benefits for rehabilitation and homesteading;
- land banking by the city;
- tax increment financing to acquire blighted land; and
- a land-acquisition fund to reduce land costs due to speculation by absorbing the difference between the market cost of land and the maximum land cost that is affordable for development.

Atlantic City, while perhaps a unique resort, does not present a unique case of the contradictions of resorts or, for that matter, urban revitalization. It is, in fact, a textbook example of how rapid, relatively unrestricted growth in the newly developing sector of the tourist economy has had the effect of directing the pace of the host's redevelopment. In the process a situation of dependency has been created.

Phase One in Atlantic City represents a consolidation of the casino industry within the resort. Phase Two, if it succeeds, will represent the ability of local community groups and government to regain control of the processes of urban redevelopment and stabilize what remains.

21. *Report on the Housing Market Survey* (Atlantic City, NJ: American City Corporation, 1983).