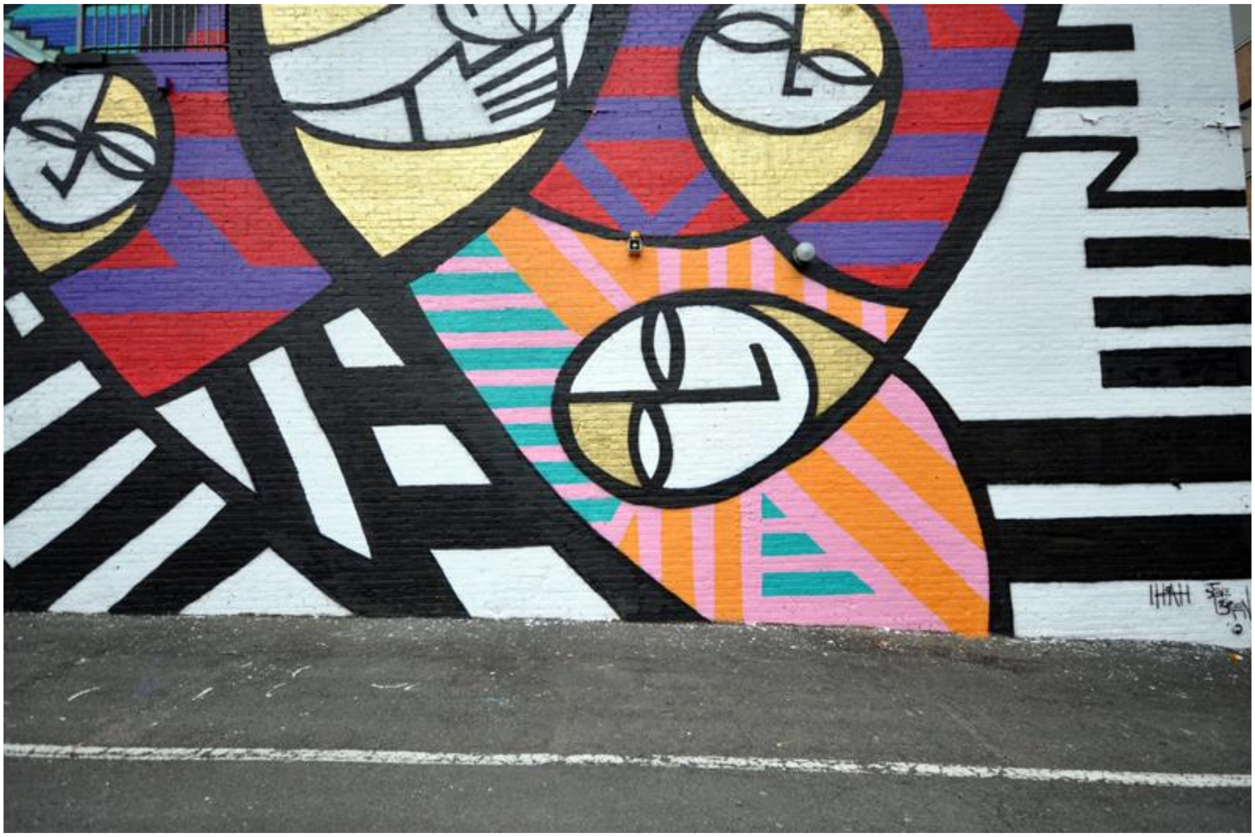
Fall 2014

Live. Work. Love. Newark.

Urban Redevelopment – Fall 2014



It's Just a Little Rain, Ibrahim Ahmed III, Steve Green, and young people of Academy Street Firehouse Youth Program. Located at 77 Academy Street, Newark.

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Executive Summary

One of America's oldest cities, Newark, New Jersey has a long history filled with change. Its industrial roots are responsible for its apex in the early nineteenth century. However, due to a national trend of urban disinvestment following World War II, its population has since declined. A continuous strum of suburbanization in the latter half of the twentieth century decimated Newark. Since then, the city's population has shifted to a minority majority ratio. Concurrently, the disinvestment in the city led to major social problems including crime and poverty. However, Newark's most recent mayors have managed to improve the city through strategic planning and economic programs including the New Jersey Performing Arts Center and the development of the University Heights Neighborhood. Currently there are several development plans in the works for Newark that aim at attracting a larger population to live and grow with Newark.

Newark has five major neighborhoods: Ironbound, Weequahic, Four Corners, Forest Hill and University Heights. Despite having a variety of uses, Newark is primarily used for residential buildings with its second highest use being Transportation, Commercial and Utility land. Newark hosts 39 historic districts and over 2,600 designated properties. Newark is also included in the State of New Jersey's Urban Enterprise Zone which allows for it to be economically buttressed as a means of investment.

As the largest city in New Jersey, Newark is, unsurprisingly, a diverse place. More than half of Newark's population is African American and it also has a third of its population identifying as Hispanic, which is higher than the national average. However, Newark's population is also economically challenged with 28% of its population living in poverty. In addition to lower income residents, Newark has a large proportion of the county's tax exempt properties. As a result of its economically deprived tax system, Newark has to rely on a great deal of state aid, especially for education related expenses.

Newark's property is governed by Local Redevelopment and Housing Law which dictates how the city can be rehabilitated. Newark was designated as an area in need of rehabilitation in May 2005. Due to the economic climate in Newark following the Great Recession, redevelopment is needed to improve the city's status. One creative solution is using redevelopment to underwrite the foreclosures in Newark which could help prevent a vacant house epidemic. The city also focused on urban design principles to develop its waterfront property plan which seems to have spurred private investment. Also, a commitment to Workable Relocation Assistance Plans (WRAP) would help keep the longstanding residents stable and build on the current cultural aesthetics. With Newark's dedication to redevelopment, there could likely be a great deal on investment in Newark.

To assist with rehabilitation Newark should rely on some of their historic Community Development Corporations. Community Based Organizations (CBOs) have played a major part in community improvements nationally, and in Newark specifically they have made major strides. This report highlights three successful CDCs: Ironbound Community Corporation, La Casa de Don Pedro and New Community Corporation. All three of these organizations have contributed a great deal to Newark and can be partners to the city for future development.

Business Improvement Districts (BID) and Special Improvement Districts (SID) are tools that can be used by an economically challenged city to spur interest. Newark currently contains two major BIDs: Ironbound Business improvement District and the Newark Downtown District. Both districts maintain integral public- private relationships and projects. These districts provide a variety of services for citizens and serve to connect them to resources; however, there are some instances when they partake in major projects including capital improvements.

In recent years Newark has experienced a great deal of economic growth. Some indicators of the increased investment in Newark include Teachers Village, development of a Whole Foods supermarket, and new residential towers. Using these initial developments as a catalyst, we propose the adaptive reuse of two downtown historic buildings that are located across from each other: 111 Market Street and 116 Market Street.

As Newark is in its beginning stages of transition, it is a prime location for millennials, a large demographic who are attracted to urban living. During Mayor Cory Booker's administration the "Living Downtown Newark plan" was developed. This plan aimed to enliven the streets of Newark through activating its downtown 24 hours a day, seven days a week. Three previous developments Rockplaza Lofts, Richardson Lofts and Eleven80, all aimed at mixed use developments that attracted more pedestrian traffic to Newark's downtown. All three developments are a success and demand rents ranging from $1,000 to $3,000 monthly. With these developments, and other similar projects that incentivized downtown living in other states, having successful outcomes; our proposal appears feasible.

Our development suggests that we create alternative living space for artists and students. The idea behind attracting these groups is that they would assist in increasing pedestrian traffic to the area through creative means. We aim to attract current New York and North Jersey residents that are seeking cheaper living options. This increase population would lead to more commercial development through demand. We believe the overall effect of this development will be positive for all stake holders; however that is based on their level of involvement.

We identify two major financing structures for the economic viability of this project: Low Income Housing Tax Credits and Historic Tax Credits. Based on Newark having a large population of low income residents and current students, low income housing is a necessity. The Historic Tax Credit relies on Newark's historic building stock to not only preserve the character of the city but also build on its legacy for the future.

Seven Proformas were developed to explore the economic options for this project. The proformas included one which used no financial incentives which was not economically viable; then both Low Income Housing Tax Credits (LIHTC) and Historic Tax Credits (HTC) were analyzed and both of which led to more sustainable projects. Finally Payment in Lieu of Taxes (PILOT) and Tax Increment Financing (TIF) programs were also explored as funding options for this proposal. We ultimately recommended a layering of funding options for the successful development of this project which used a combination of LIHTC, TIFs, PILOTS and HTC. Through the use of all of these avenues the development would become economically feasible.

Finally, we analyzed some solutions for revenue for the city. Through alternate taxing structures Newark could potentially increase its budget. The scenarios included: Increasing Municipal State

Aid; County Tax Base Sharing; Multi-county Tax Base Sharing; PILOT Payments by Exempt Properties; Graded Tax Rate and Henry George Tax System.

We recommend a development of two sites: Creative Confluence and Scholars Village. Both of these developments leverage current uses in Newark and would lead to a more inclusive city. Creative Confluence is designed for artist and provides supports for various income levels. The space inspires residents through the existence of communal resources. Scholars Village aims to housing Graduate level students of the four established collegiate institutions located within the city's limits. This development would provide a heaven for scholars with affordable studio and one bedroom apartment and designated amenities. Both developments would also incorporate commercial use as well as space that can be used for the local community. These developments serve as a perfect bridge between the first phase of recent investment in Newark and further integration of the city's strong history and future ambitions.

To finance these developments we recommend the use of five fiscal incentives: Historic Tax Credits (HTC); Low Income Housing Tax Credits (LIHTC); Tax Increment Financing (TIF); Payment in Lieu of Taxes (PILOT); and Below Market Interest Rates (BMIR). Through the use of these incentives, the project is attractive to developers.

History

Early Settlement and Colonial Period

Puritans from New Haven Connecticut, seeking to establish a new, theocratic settlement, looked west and found a suitable area along the Passaic River, near its confluence with the Hackensack River. Purchasing land from the Hackensack Indians in 1666 with munitions, lead, blankets and beer, the first colonial settlers soon founded the town of Milford, named after the town in Connecticut, from which many of the settlers originated. Once a formal government was formed, the town's name was changed to Newark, in honor of the town where Abraham Pierce, its first minister was ordained, Newark-on-Trent, in England.

From its first settlement to the post Revolution period (late 1700s), Newark served as a country town, where trade of farm goods, merchants and craftsman thrived. By 1795, two bridges spanned the Passaic and Hackensack Rivers, replacing antiquated ferries. These bridges, which easily connected points and markets north and south, helped to set Newark on a path to growth and urbanity. Manufacturing and industry soon transformed the country town into a small but important regional city.[1]

Industrial Revolution

By the 1830s, Newark was burgeoning into one of the country's major industrial hubs. Coupled with an ocean port and the early development of canals and railroads, Newark found itself perfectly positioned for manufacturing. Leather tanning, dating back to the late 1600s, soon became Newark's main export and by 1870, accounted for 90% of the country's leather production. Manufacture of carriages, coaches, clothing and beer soon followed. By the late 1800s the industrial boom expanded with the arrival of immigrants. First Irish, then German, Italian and Portuguese immigrants fueled this industrial expansion and population explosion, coinciding with iron production in the city.

By the mid to late nineteenth century Newark saw another expansion of growth and diversification when banking and insurance were added to the economic mix. Also added were the manufacturing of then-new technologies, including celluloid production (used in billiard balls and dentistry applications), zinc electroplating, and arc lamps (the first practical electric light).

Newark experienced tremendous population growth in the nineteenth century. In 1840, Newark's population was 17,300 people; by 1870, it expanded to over 100,000 people. By the end of the century, it had grown to nearly 250,000 people.

Mid-twentieth Century: Apex

With the advent of World War I in the early 1900s, Newark's economic base continued to grow and expand as it met the needs of war, fueling another period of mass immigration. Immigrants from Europe did not fill the needs of Newark's industries this time. Instead, African Americans, leaving behind repressive conditions in the Deep South, joined in what is known as the Great

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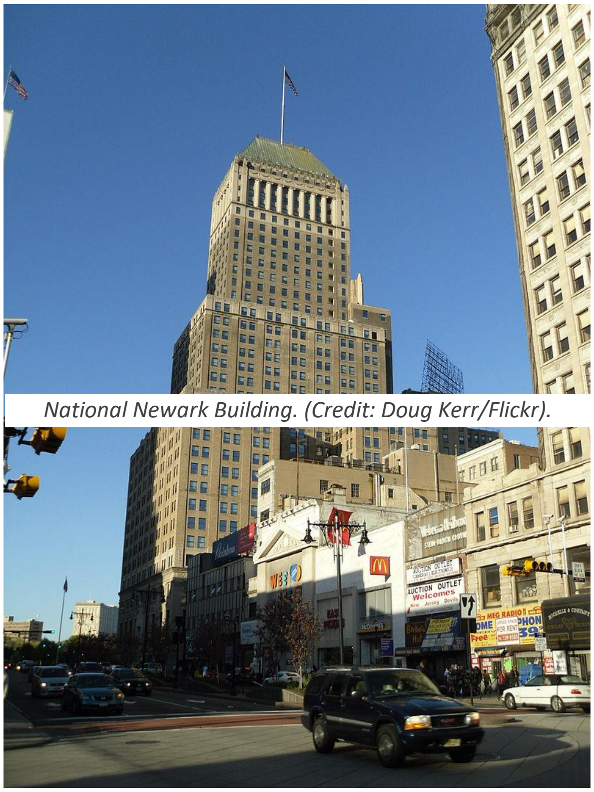
[1] Brad R. Tuttle, *How Newark Became Newark* (New Brunswick, NJ: Rutgers University Press, 2009), Chapter 1.



National Newark Building. (Credit: Doug Kerr/Flickr).

Migration, as millions sought opportunities in the North. From 1920 to 1930, 22,000 African-Americans arrived in Newark. World War II soon followed, and yet another economic and population expansion occurred, as immigrants from Eastern Europe arrived. In 1948, the city reached its population peak, when about 450,000 residents called Newark home.[2]

Newark became a diverse regional and cultural center. It was the largest city in New Jersey, and, was the 18th largest city nationally in 1950. Its downtown became a retail commerce center, boasting four department stores, and dozens of retail stores, theaters, and hotels. The city had an extensive public transportation network consisting of buses, trolleys, and a subway. Skyscrapers began to loom above the city streets. The Art Deco National Newark Building was the tallest structure in New Jersey until 1989, with the second-tallest being the nearby Lefcourt-Newark Building.[3]

Decline: Planning, Social Strife, and the Riots of 1967

Newark's decline as an economic and industrial powerhouse began after World War II, as manufacturers moved to the nascent suburbs emerging from fields and woods across the Northeast, and then the open and inexpensive South and West. As businesses left Newark, so too did middle-class white residents, soon followed by their well-to-do African American counterparts. Left behind were those unable to afford to move, mostly people of color, in an atmosphere of declining employment opportunities and ever increasing urban blight and crime. The 1970s and 1980s saw further declines in population, as the national and regional economies shifted from manufacturing to service oriented industries.

Much of Newark's demise has been attributed to mid-century city government policies. Ethnic political patronage and planning policies for urban growth failed to reach and incorporate those citizens who were most at risk. Civic leaders wrongly identified the blighted conditions of the city as the source of the city's problems, rather than deindustrialization, the rise of middle-class suburbs, and the continuing migration of poor, southern African Americans, along with growing racism.

The federal government became involved in the nation's deteriorating and aged cities in the 1930s and 1940s, through policies and financing that encouraged land clearance and urban

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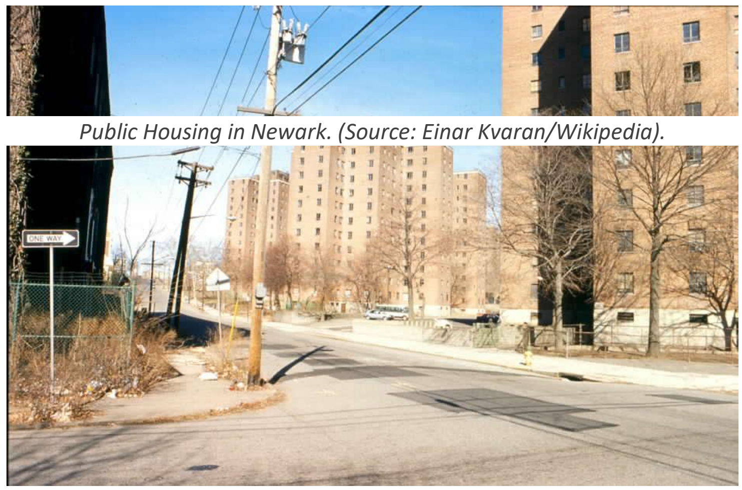
[2] Tuttle, *How Newark Became Newark*, Chapters 2 and 3.
[3] Ibid, Chapter 3

renewal. Under these policies, slums and blighted neighborhoods would be razed, and replaced with new housing and development. The federal government footed most of the bill for buying these neighborhoods, and then constructed low-income public housing on a portion of the newly cleared land. The balance of the land would be sold to private developers, in the hope that stores, businesses and housing for middle- and high-income buyers.

In the late 1940s, Newark began its "War on Slums and Blight", which used slum clearance and redevelopment to revive Newark. Denying demographic trends, city planners believed land was becoming increasingly scarce. Rather than building garden-style apartments (which it had done in the 1930s and 1940's with success), whole neighborhoods would be cleared. This had the effect of pushing poor, mostly African American residents, into even more condensed slums, while eliminating existing infrastructure in a city that could ill afford it. Instead of creating more housing and vibrant communities, the city was in effect eliminating them.[4]



Public Housing in Newark. (Source: Einar Kvaran/Wikipedia).

The most notorious example of Newark's attempt at urban renewal was the Columbus Homes, located in the First Ward. While some of the ward was truly blighted and in need of redevelopment, much of it contained the "Little Italy" section of the city, an aged but functioning and vibrant enclave, filled with shops, restaurants, social clubs, and strong community ties. Despite protestations from the citizens of the ward, it was by 1956 transformed into the Columbus Homes. Many of the city's poor residents, mostly African American, ended up in these graceless, hundred foot high public housing towers, which became their own form of blight. It soon became clear that cramming low-income families into unwelcome neighborhoods, without effective social support or local services, would lead to disaster. Within months of its opening, the Columbus Homes would experience fights, robberies, rapes, and gang activity that would continue for decades.

This redevelopment would continue not only in Newark but also in other urban centers, as old neighborhoods were leveled and replaced by public housing; grey towers looming over shells of the now empty and trash strewn neighborhoods they replaced.[5]

While the city became less industrial and urban renewal was on the rise, pronounced demographic and societal changes were occurring. While the overall population of the city had been decreasing, Newark's African American population had been rising steadily. By 1966, this

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[4] Ibid, Chapter 4.

[5] Ibid, Chapter 5.

group was the majority of the city's population. However, they were grossly underrepresented in city government and the police department (in 1967 only 150 of 1,400 members of the police were African American). Most African Americans lived in buildings owned by whites, and generally worked for businesses that were owned by whites. Schools in African American neighborhoods were inferior, and housing stock was generally substandard. Discriminatory Federal Housing Administration (FHA) and private insurance company policies made it next to impossible for people of color to purchase homes. Outlook for employment or advancement for these citizens were dire. Despite migrating from poor sections of the South to the North, most arrived to Newark just as manufacturing and related employment was quickly disappearing.[6]

These social and economic and demographic transformations came to a head during the summer of 1967, when a series of events led to one of the most pivotal points in Newark's

history. Tensions began to rise earlier in the year when, without input from affected residents, the city decided to level a black neighborhood in the city's central ward, to construct the University of Medicine and Dentistry of New Jersey. Amid these heightened tensions, on July 12, an African American cab driver named John Smith was arrested for improperly passing a police car on 15th Avenue. What happened next remains unclear to this day, but Smith was beaten by the police and later dragged into the headquarters of the Fourth Police Precinct, in view of residents in the Hayes public housing project, just across the street. Rumors began that the police killed Smith. Some 200 protestors arrived at the headquarters and many began throwing rocks and bottles. On the following day, the protests soon turned into full-scale riots throughout the city. Lasting four days, the riots brought in state police and the National Guard, and resulted in the deaths of 26 people, 1500 injuries, 1,600 arrests and more than $10 million in property damage, including more than 1,000 businesses that were looted and burned.[7]

The events of 1967 sealed Newark's reputation as an example of urban despair. The city's response to decades of social and economic change left it in ruins. The 1970's and 1980's saw a

[6] Kenneth T. Jackson, *Crabgrass Frontier: The Suburbanization of the United States*, (New York: Oxford University Press, 1989), Chapter 11.

[7] Curvin, Robert, *Inside Newark: Decline, Rebellion, and the Search for Transformation*, (New Brunswick, NJ: Rutgers University Press), Chapters 6-8.

National Guardsmen patrolling down Springfield Avenue, July 1967. (Don Hogan/The New York Times).

continual decline in Newark's condition, as middle classes from all races departed from the city. A 1975 Harper's Magazine article, authored by Arthur Louis and entitled "America's Worst City", ranked the fifty largest American cities across twenty-four categories. In regards to Newark, Louis concluded: "The city of Newark stands without serious challenges as the worst city of all. It ranked among the worst in no fewer than nineteen of twenty-four categories, and it was dead last in nine of them…Newark is a city that desperately needs help."

> *Newark is a city that desperately needs help.*
>
> *Arthur Lewis, Harper's Magazine, 1975*

Newark at the End of the Twentieth Century

Some societal and political changes for the city began shortly after the riots, with the election of the city's first black mayor, Kenneth Gibson, in 1970. Running on a reform platform, Gibson tenure quickly mirrored those of previous administrations. In 1986, the controversial Sharpe James replaced Gibson. He is responsible for much of the modern downtown development, including the New Jersey Performing Arts Center (NJPAC), Riverfront Stadium, and the Prudential Center, for which Newark is now known. University Heights Science Park was also created during his administration, and is home to a Rutgers University campus, New Jersey Institute of Technology, University of Medicine and Dentistry of New Jersey, and Essex County College. James was also a polarizing figure who was convicted of fraud after leaving office. Corey Booker followed him in 2006. Charismatic and well educated, Booker was successful in persuading several large-scale businesses to move to the downtown area, including Audible.com, Pitney Bowes, Panasonic Company, and Prudential Insurance. While Booker executed a grand vision of urban development, his governance and management of Newark is seen as weak.[8]

Millennial Newark

Newark in the early 21st century stands at a crossroads in its history. Demographic, social and environmental issues continue to affect the city. The 2010 US Census indicated that the city's population reached 277,000. Although still New Jersey's largest city, and this was the first instance of population growth in three decades, the city is still half as large as it once was during its peak in 1950. African Americans have made up more than half of that population for decades, but an influx of Latinos will lead to parity between these groups in the coming decades. Twenty-eight percent of Newark's residents live below the poverty line. The median household income of Newark stands at just over $36,000, while that of the state is nearly twice as much. Less than twenty-five percent of residents in Newark own their homes, and only sixty percent of the population over twenty-five years of age has graduated from high school.[9]

Newark also faces environmental social justice issues. Since the height of the Industrial Revolution in the mid 1900's, Newark has faced a never-ending list of environmental concerns. Abandoned industrial facilities, and Superfund sites stand as witnesses to this period. Light manufacturing and massive transportation infrastructure hem in the post-industrial Newark,

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[8] Curvin, *Inside Newark*, Chapters 2-4.
[9] Ibid, Chapters 6-8.

including one of the nation's busiest airports and marine terminal. It is also home to the largest solid waste incinerator on the East Coast. Lower-income residents are disproportionately affected by the environmental hazards created by these facilities, as they tend to live in close proximity to them. This at-risk segment of the population is generally under-represented. As the city reinvents itself, it will continue to face these environmental justice issues.[10]

City, Socioeconomic, and Public Finance Profile

City Profile

Wards and Neighborhoods

The following maps and descriptions help illustrate the general composition of the city. Newark is divided into five geographic wards: North, South, East, West, and Central Wards. It also contains dozens of distinct neighborhoods. Some of the most noted include:

- **Ironbound**: This East Ward community is a large working-class, multi-ethnic neighborhood. It is located close to Penn Station and downtown Newark.
- **Weequahic**: Located in the South Ward, Weequahic was a largely middle class Jewish neighborhood prior to the 1960s, featuring many synagogues, yeshivas and Jewish restaurants. It is home to the 300 acre Weequahic Park.
- **Four Corners**: Located at the intersection of Market and Broad Streets, Four Corners is the site of the city's earliest development and has been the focal point of the city for centuries. It is home to some of the city's tallest buildings.
- **Forest Hill**: From the 1870s to the 1920s the North Ward's Forest Hill neighborhood was home to hundreds of wealthy Newark residents. Most of these Beaux-Arts, Victorian, Colonial and Gothic style homes have been preserved.
- **University Heights**: Located just northwest of downtown, University Heights was one of the first redevelopment projects to occur after the 1967 riots and is now home to Rutgers University's Newark campus, the New Jersey Institute of Technology, the University of Medicine and Dentistry of New Jersey, and Essex County College.

Land Use

The land use of Newark is broken down into 11 categories:

- **Athletic Fields**: 16 acres
- **Cemetery**: 193 acres
- **Commercial/Services**: 1,098 acres
- **Trees/Vegetation**: 155 acres
- **Wetlands**: 186 acres
- **Industrial/Commercial Complexes**: 1,189 acres
- **Mixed Urban or Built-up Land**: 878 acres
- **Recreation Land**: 286 acres
- **Residential**: 2,653 acres

[10] "Environmental Justice," Ironbound Community Corporation, accessed September 19, 2014, http://ironboundcc.org/ourprograms/community/environmentaljustice/.

- **Transitional Areas**: 30 acres
- **Transportation/Commercial/Utilities**: 1,571 acres

Transportation

The city of Newark boasts some 480 miles of surface streets, as well as state and interstate highways. Located at the junction of Interstates 78 and 95, and US Routes 1 and 9, Newark plays not only an important point in vehicular and truck transportation for New Jersey, but also for the entire Northeast. Newark is situated on Amtrak's Northeast corridor, and features access to local light rail and regional lines. Both Newark Liberty International Airport, and Port Newark, located in the city's southeast, are among the nation's busiest and most vital components of passenger travel and commercial shipping infrastructure.

Parks

Newark features numerous parks throughout the city. Weequahic, a work of famed Frederick Law Olmsted, located in the southern section of the city, and Branch Brook, home to a spring-time cherry blossom display, in the north, are the city's two largest parks. Other important parks include Vailsburg in the West Ward, Lincoln Park in the Central Ward, and the new Riverbank Park along the Passaic River near downtown.

Historic Districts

Newark has 39 historic districts and over 2,600 historically designated properties. The city's historic properties represent a wide breadth of its history and purposes, including designations for residential houses, places of worship, industry, cemeteries and parks, and theater and arts. These historic districts include Four Corners and Military Park Commons in downtown; Lincoln Park; North Broad Street in the North Ward, which is home to late-nineteenth century row houses; and Weequahic Park, which was founded in 1895.

Urban Enterprise Zones (UEZ)

Most of the city of Newark is in the State of New Jersey's Urban Enterprise Zone, which assists municipalities who have suffered economic challenges. Sales tax within these zones is half the rate charged statewide and hiring incentives are designed to reinvigorate business conditions within the zone. The Newark UEZ was created in 1984 and has since been working with the city to start and foster businesses in the city. Since its inception, the program has led to billions of dollars in redevelopment investments and has created tens of thousands of jobs.

Brownfields and Known Contaminated Sites

This map illustrates brownfields, ground water contaminated sites, and known contaminated sites, located across the city of Newark. They are former industrial sites that contain hazardous substances, pollutants or contaminants.

The city is home to three brownfield sites along the Passaic River near Raymond Boulevard, which were once NSC Plating, Bergen Street, and International Metallurgical Services. There are 85 ground water contaminated sites located mostly in the eastern section of the city; in total some 472 acres are affected by contaminated ground water and include such substances as benzene, vinyl chloride, lead, chromium, and cadmium. In addition Newark contains over 600 known contaminated sites, which were polluted by large-scale industrial companies of the nineteenth and twentieth centuries, as well as small businesses of all types.

Socioeconomic Profile

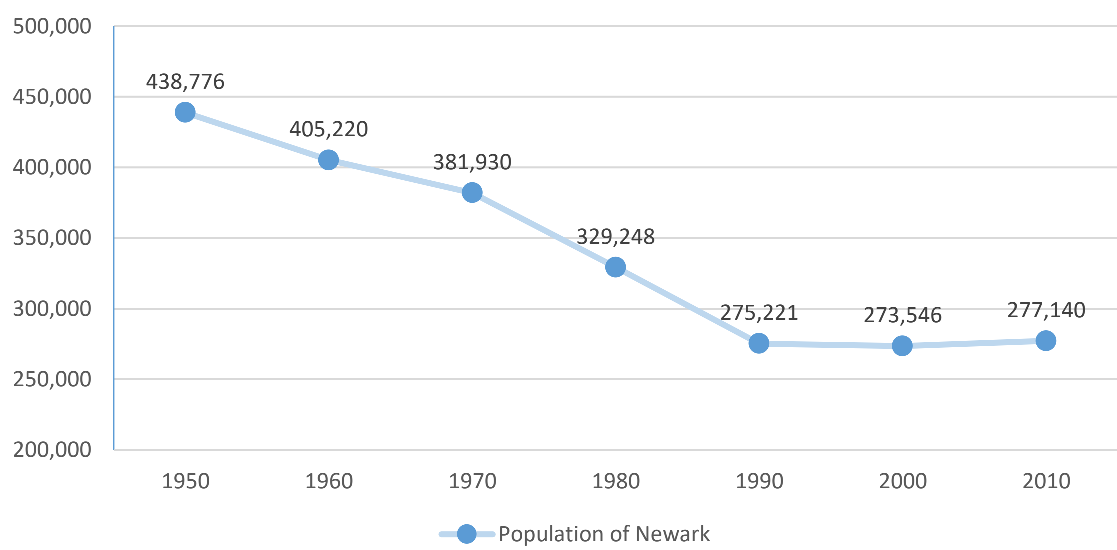
The City of Newark has the unique distinction of being the largest city in New Jersey (by population). As of the 2010 Census, the population is 277,140 people. Essex County, of which Newark is the county seat, had 783,969 people in 2010. Newark thus accounts for 35% of the county's population. Essex County, in turn, accounts for nine percent of New Jersey's 8,791,894 residents. Finally, Newark's population accounts for three percent of New Jersey's total population. Those three percent of New Jerseyans are a diverse group of individuals as evidenced by the findings presented below.

Population

The 1950 Census reported Newark having a population of 438,776 people. Since then, however, the city endured a continued loss of residents who opted to move from Newark to suburban Essex County (Figure 3.1). The dramatic population decrease that characterized the latter half of the twentieth century slowed in the year 2000 and, in 2010 Newark reported its first increase in population in sixty years (Appendix Table 1).

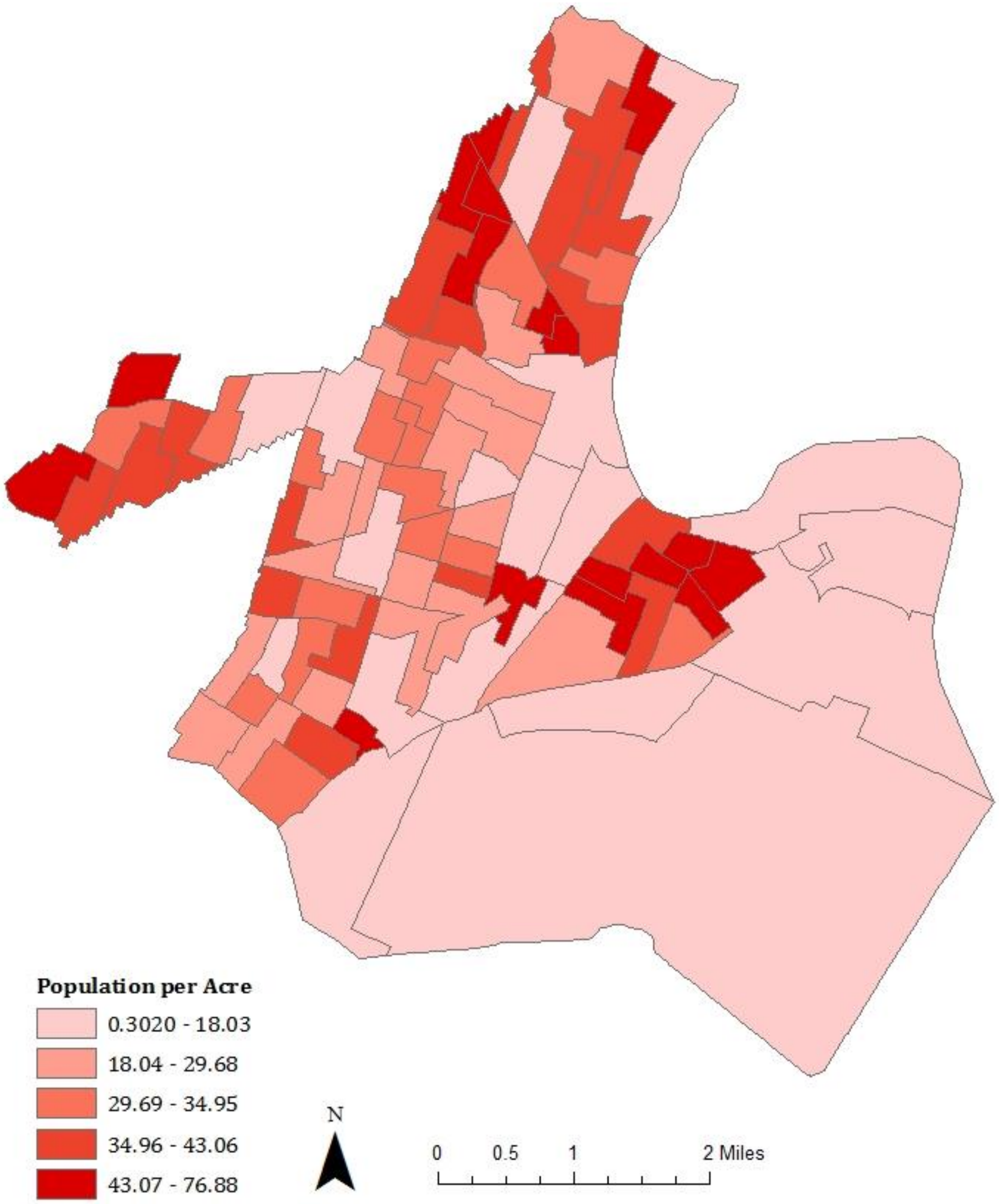
Most residents live in the northwest portion of the city, as most of the southwest is used for nonresidential and industrial uses, like the airport and the Port Newark-Elizabeth Marine Terminal. Throughout the city's census tracts, the population density ranges greatly from one person per square acre, to over 76 people per square acre (Figure 3.2).

FIGURE 3.1: Population of Newark, 1950-2010



Source: US Census Bureau, 1950-2010 Decennial Census Counts

FIGURE 3.2: Population Density of Newark by Census Tract, 2010

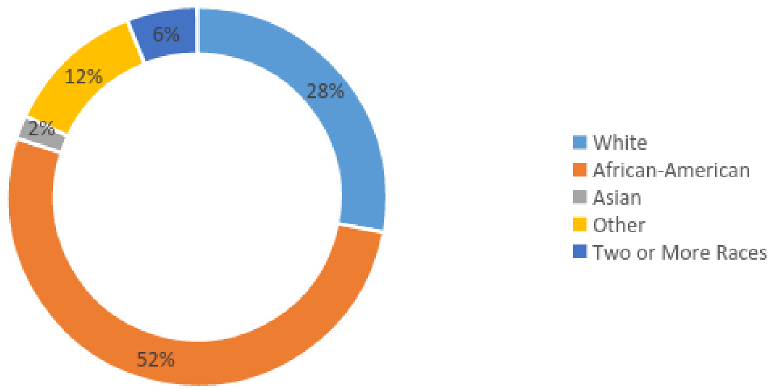


Race and Ethnicity

When compared to Essex County and New Jersey, Newark's population is comprised mostly of minorities, especially African Americans, who make up more than half of the city's populace (Figure 3.3). The amount of residents who identified as two or more races (6%) is double that of Essex County, and triple that of the state (Appendix Table 2). Because of the extent of its diversity, Newark serves as an example of a minority-majority city. In such locales, the proportion of non-Caucasian racial groups outnumber that of Caucasians, who are majority in the surrounding area.

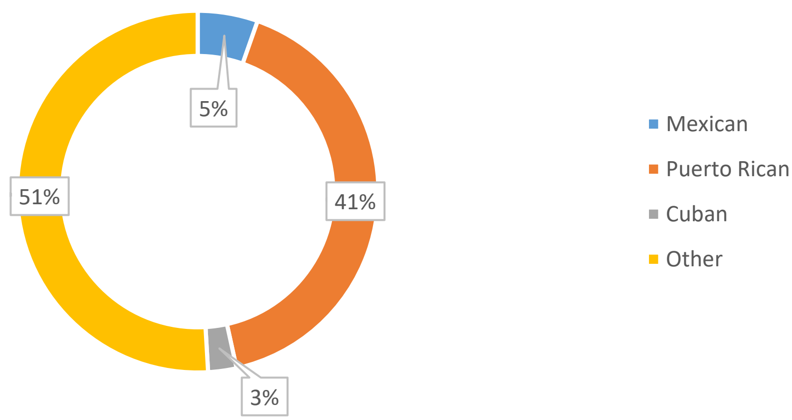
Another facet of Newark's diversity is the ethnic identity of residents. A little more than a third of Newark's population is Hispanic (Appendix Table 2). This is nearly double this ethnic group's share of the overall American population, which stands at 16% as of 2010. It is also higher than the Hispanic share of Essex County's (20%) and New Jersey's (18%) population. Most Hispanics reported their heritage as either Puerto Rican, or from other countries in Latin America (Figure 3.4 and Appendix Table 3).

FIGURE 3.3: Racial Composition of Newark Residents, 2012



Source: US Census Bureau, 2008-2012 American Community Survey

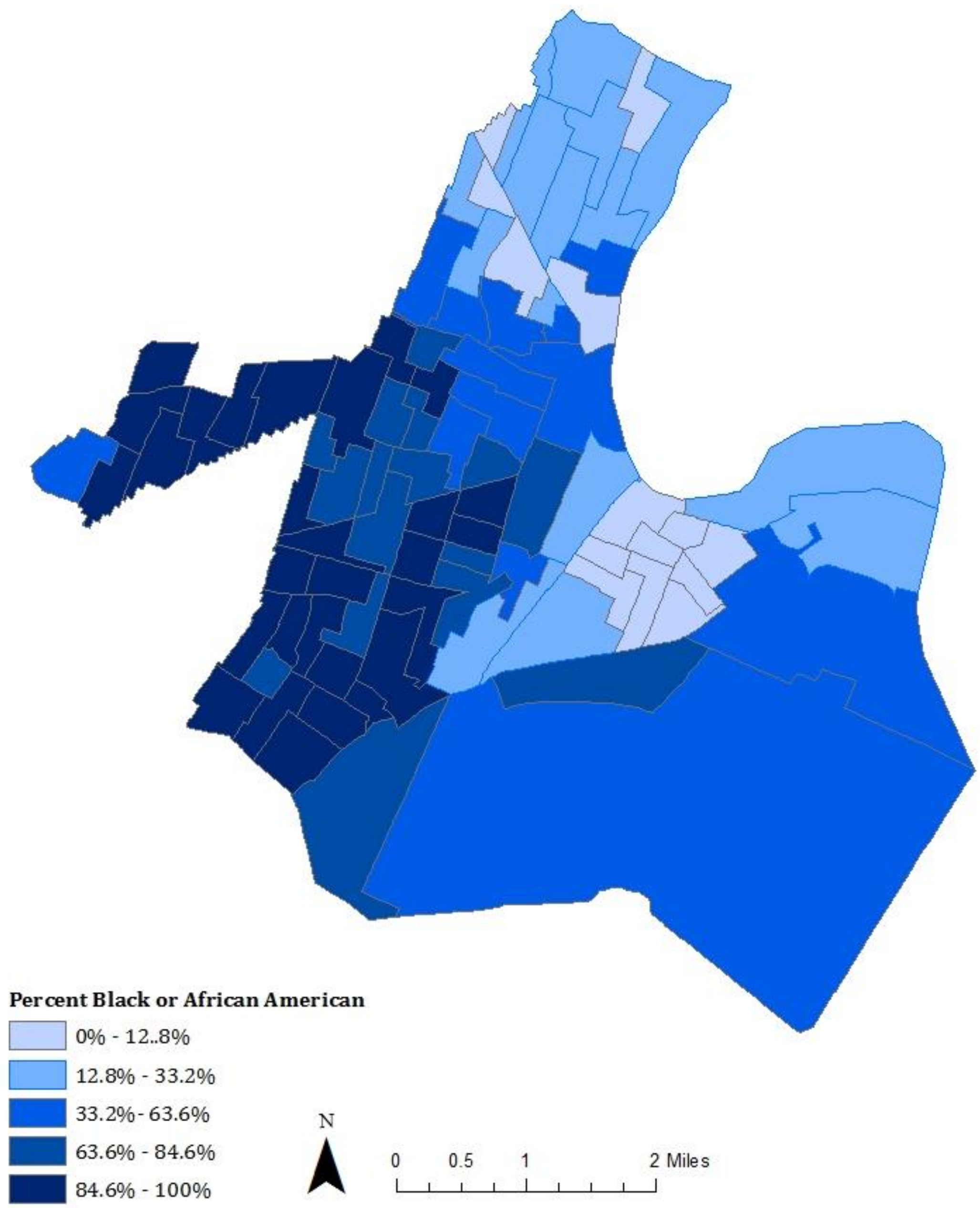
FIGURE 3.4: Ethnic Composition of Newark Residents, 2012



Source: US Census Bureau, 2008-2012 American Community Survey

Figures 3.5 through 3.7 identify Newark's racial and ethnic breakdown by census tract. Figure 3.5 shows that the majority of African Americans live in the western portion of the city. In the west, most census tracts have a population that is comprised of over 84 percent African American. Comparing this African American concentration is Figure 3.6, which exhibits that the census tracts located in Newark's center and northern quadrant are predominately White. Figure 3.7 illustrates that Hispanics are clustered in the city's northern most sections. These maps show that Newark, as many other American cities, has a significant racial divide.

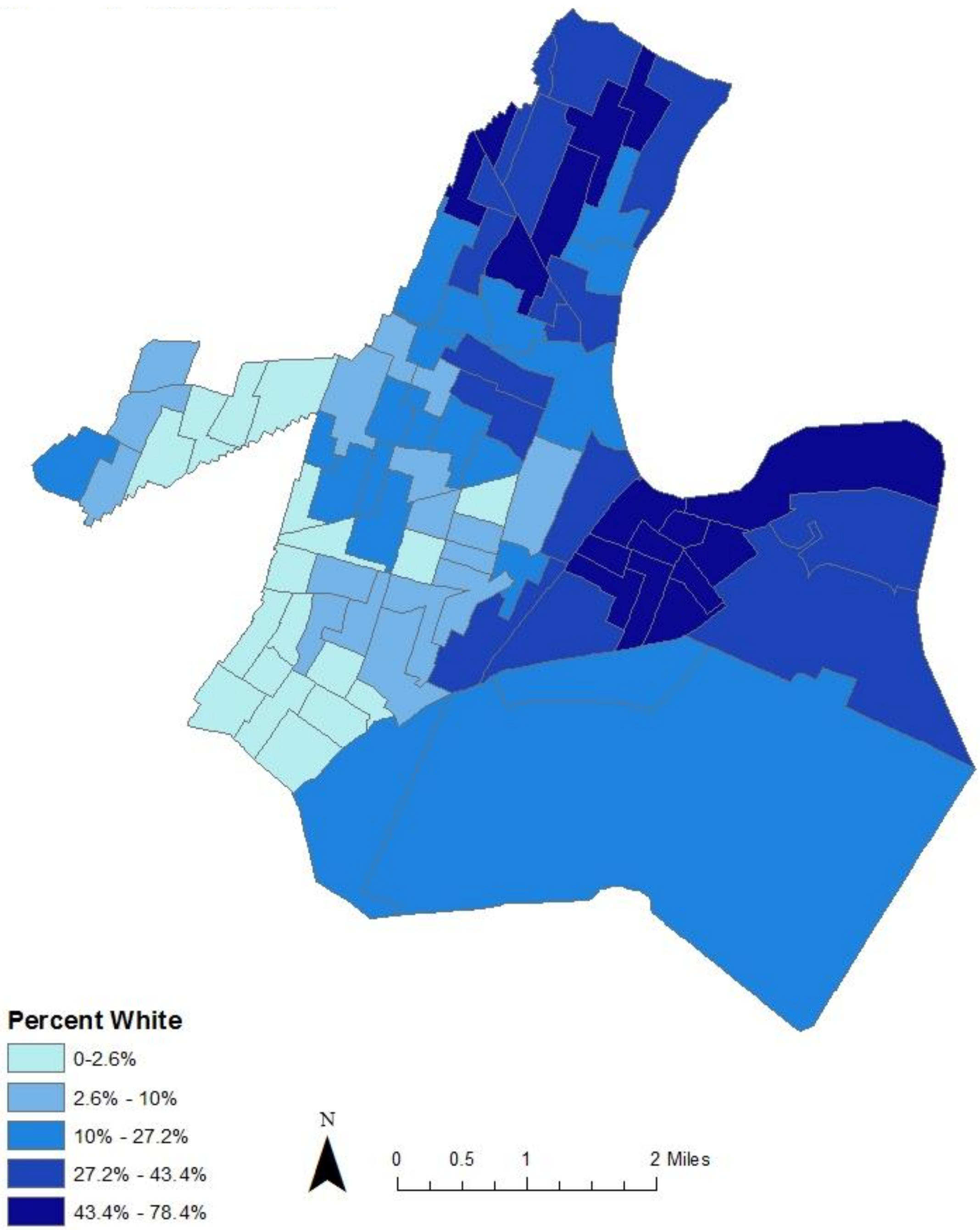
FIGURE 3.5: Percent of Population who Identify as Black or African-American in Newark by Census Tract, 2012



Source: US Census Bureau, 2008-2012 American Community Survey and 2010 Tigerline Shapefiles

While the overall population of the city had been decreasing, Newark's African American population had been rising steadily. Since 1966, this group was the majority of the city's population.

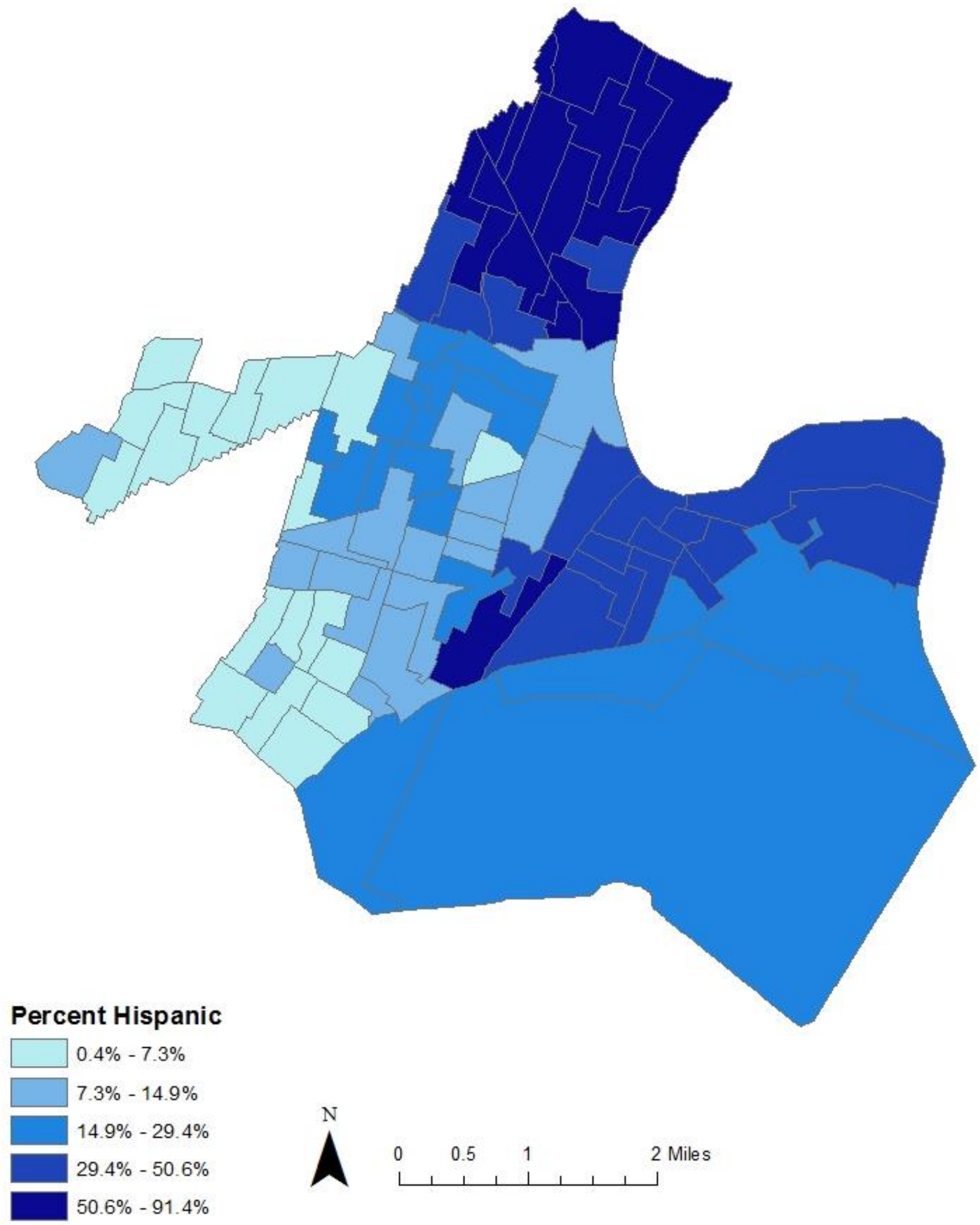
FIGURE 3.6: Percent of Population who Identify as White in Newark by Census Tract, 2012



Source: US Census Bureau, 2008-2012 American Community Survey and 2010 Tigerline Shapefiles

Newark, like most American cities, has a significant racial divide.

FIGURE 3.7: Percent of Population who Identify as Hispanic (any race) in Newark by Census Tract, 2012



Source: US Census Bureau, 2008-2012 American Community Survey and 2010 Tigerline Shapefiles

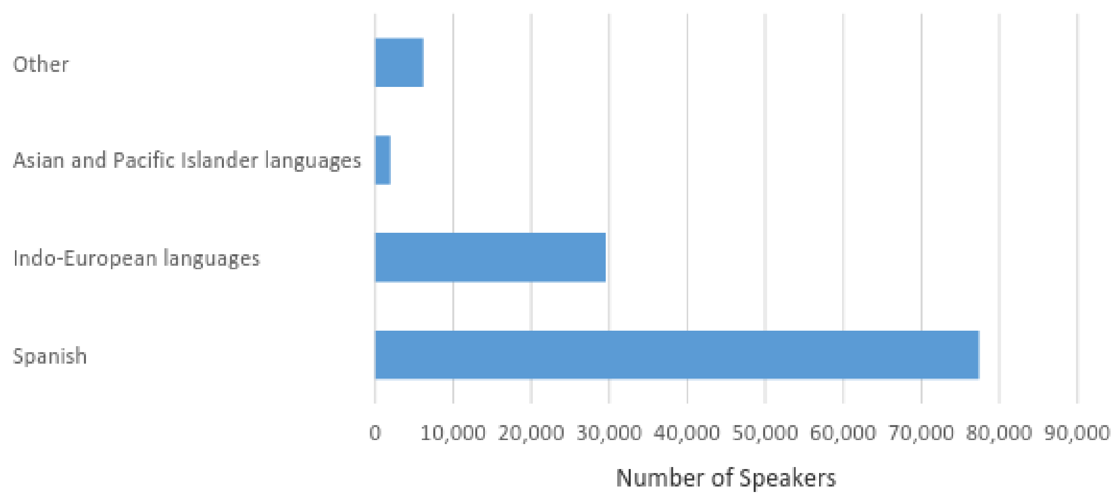
African Americans have made up more than half of that population for decades, but an influx of Latinos will lead to parity between these groups in the coming decades.

Foreign Born and Language

Of the city's 276,478 people, 27% (74,305 people) were born outside the United States, compared to 25% for Essex County and 21% for New Jersey overall (Appendix Table 4). Of the city's foreign born, 34% (24,916 people) are naturalized American citizens (Appendix Table 5). This percentage is very low when compared to naturalized foreign born residents of Essex County (47%), and naturalized foreign born New Jerseyans (51%).

Newark's population is diverse both culturally and linguistically. When compared to the population of Essex county and the state, fewer Newark residents speak only English at home (Newark: 55%, Essex County: 66%, New Jersey: 70%), and more Newark residents speak a language other than English at home (Newark: 45%, Essex County: 34%, New Jersey: 30%). As seen in Figure 3.8, and Appendix Table 6, Spanish was the most popular language, other than English, spoken at home in Newark.

FIGURE 3.8: Language other than English Spoken at Home, Newark, 2012



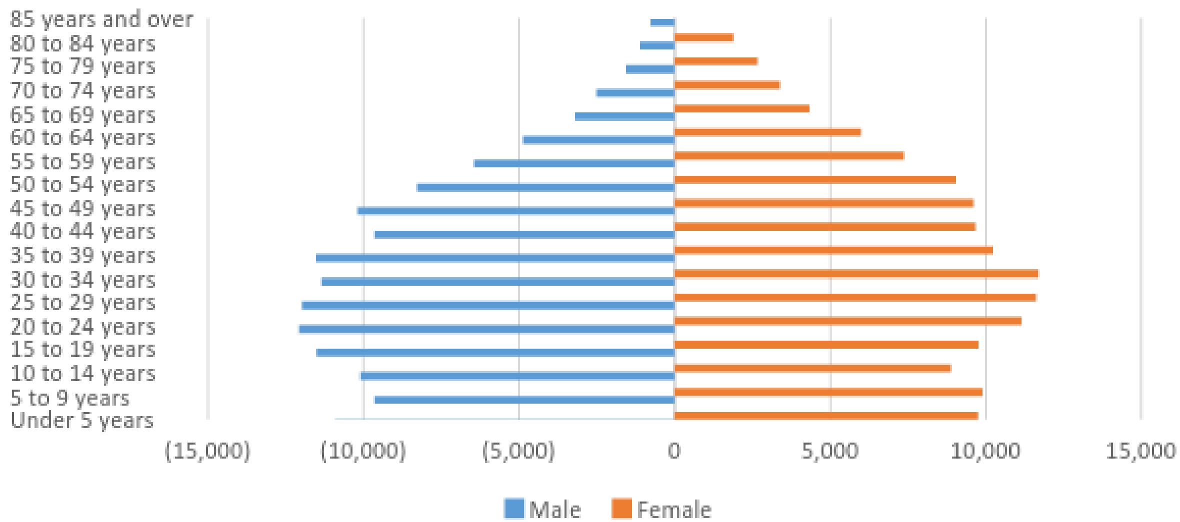
Source: US Census Bureau, 2008-2012 American Community Survey

Age and Gender

The city's population is younger to that of the county and the state (Appendix Table 7). The 2010 Census reported the median age of Newark residents to be 32.3 years. This is four years younger than the median age for Essex County residents (36.4) and seven years younger than the median age for New Jersey residents (39.0).

Newark's distribution of males and females is slightly skewed towards more females, a pattern conforming to the overall national population. Newark's share of elderly is comprised disproportionately of females, as women tend to live longer than men. This also reflects national patterns. Men outnumber women in Newark until the age of 50, however, at middle age, females begin to outnumber males (Appendix Table 8).

FIGURE 3.9: Newark Age/Sex Pyramid, 2012 Estimates

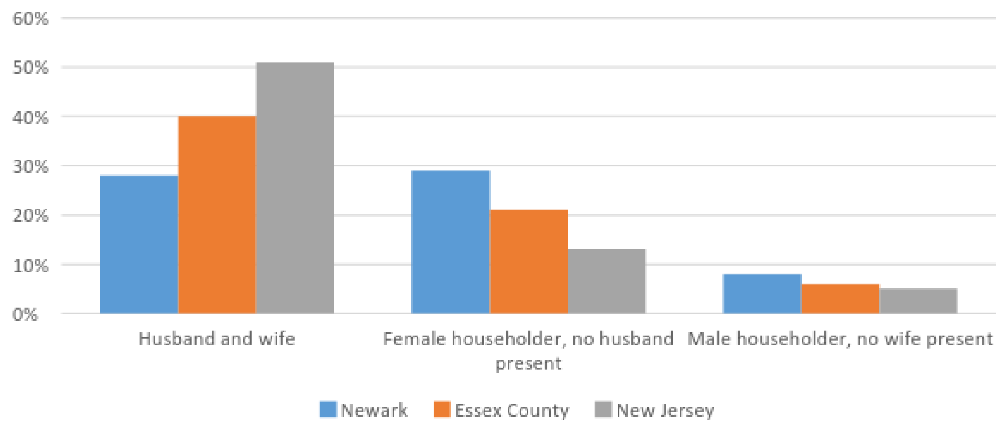


Source: US Census Bureau, 2008-2012 American Community Survey

Households and Families

According to the 2010 Census, there are 94,542 households in the Newark, an increase of 3% from the year 2000 (at that time, the Census counted a total of 91,382 households in the city). Sixty-five percent of households in Newark are families. The composition of families differ drastically between the city, the county, and the state. The most common family household typology in Newark (Figure 3.10 and Appendix Table 9) is a female householder with no husband present. Households headed by a single mother make up 29 percent of family households in the city. In context, this is double that of the state (13%). Whereas 40 percent of Essex County's, and almost half of the state's, family households have both husband and wife as heads, only 28 percent of families follow this trend in Newark. Additionally, average household size in Newark is about 2.85 which is greater than average household size in Essex County (2.75) or the state (2.7) (Appendix Table 10). This may reflect that many of the female householder families contain multiple children.

FIGURE 3.10: Typologies of Family Households, 2010

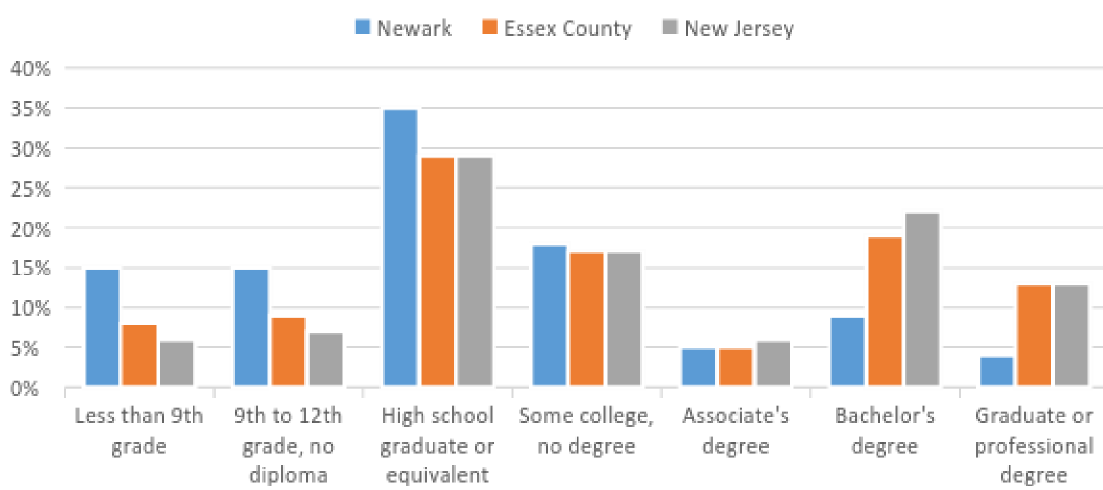


Source: US Census Bureau, 2010 Decennial Census

Educational Attainment

When compared to the county and the state, Newark has a higher percentage of its population who have NOT earned a high school diploma (Newark: 15%, Essex County: 9%, New Jersey: 7%). Conversely, the share of Newark's population with a college bachelor's degree is half that of the surrounding county and overall state (Newark: 9%, Essex County: 18%, and New Jersey: 22%) (Figure 3.11 and Appendix Table 11).

FIGURE 3.11: Educational Attainment of Residents, 2012



Source: US Census Bureau, 2008-2012 American Community Survey

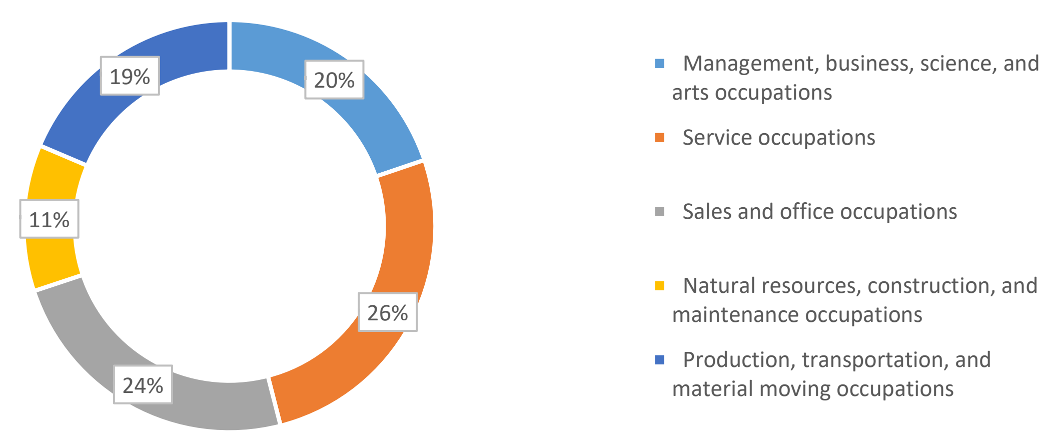
Labor Force, Industry, and Occupation

Newark contains 132,614 people aged 16 years or older in the labor force, about 62% of the city's population (Appendix Table 12). Newark has a smaller share of residents in the workforce when compared to Essex County (66%) and New Jersey (67%). Of Newark's workforce, 51% are employed; the remaining 11% is unemployed. Newark's 11% unemployment rate is greater than in Essex county (8%) or the state (6%).

Newark's top three industries are: (1) educational services, healthcare, and social assistance (23% of employment), (2) retail trade (11% of employment), and (3) transportation, warehousing, and utilities (10% of employment). Considering that Newark is known statewide for its three major institutions of higher learning (Rutgers-Newark, New Jersey Institute of Technology, and Essex Community College), is home to both a major New York City area airport and the Port Newark-Elizabeth Marine Terminal, and is the headquarters for two major statewide public agencies (New Jersey Transit Corporation and Public Services Enterprise Group), such patterns in employment are not surprising. Further, a greater portion of Newark's population is employed in the transportation, warehousing, and utilities industry (10%) than Essex County (7%) and New Jersey (6%) (Appendix Table 12).

About half of Newark's population is employed in service and sales and office occupations (Figure 3.12). The amount of Newark's employed population working in management, business, science and arts fields in less than half the rate of the state (40.1%) and much lower than the rate of Essex County (37%) as well. However, there is a greater percentage of people working in service occupations, 26.2% in Newark, compared to 19.3% in Essex and 16.4% in New Jersey (Appendix Table 14).

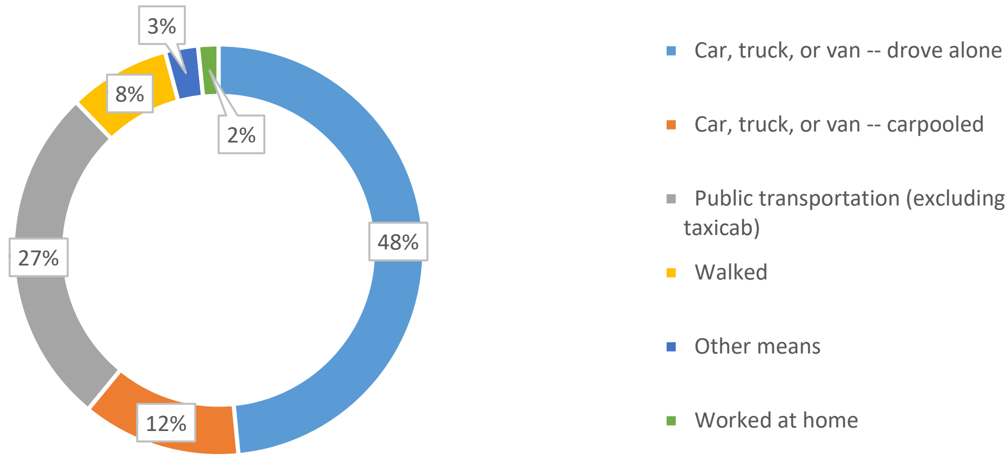
FIGURE 3.12: Employment by Occupational Sector, Newark, 2012



Source: US Census Bureau, 2008-2012 American Community Survey

Looking at how people in Newark access their jobs (Figure 3.13 and Appendix Table 15), there is a higher dependence on public transportation (26.9%) and walking (8%) than in the county (20.3% public transportation and 4.4% walk) or state (10.7% public transportation and 3.2% walk). In Newark, only 48.5% of people commute alone by car to work while this rate is 61.5% in Essex and 71.8% in New Jersey. However, within Newark, majority of people are still driving to their place of employment.

FIGURE 3.13: Commuting to Work, Newark, 2012

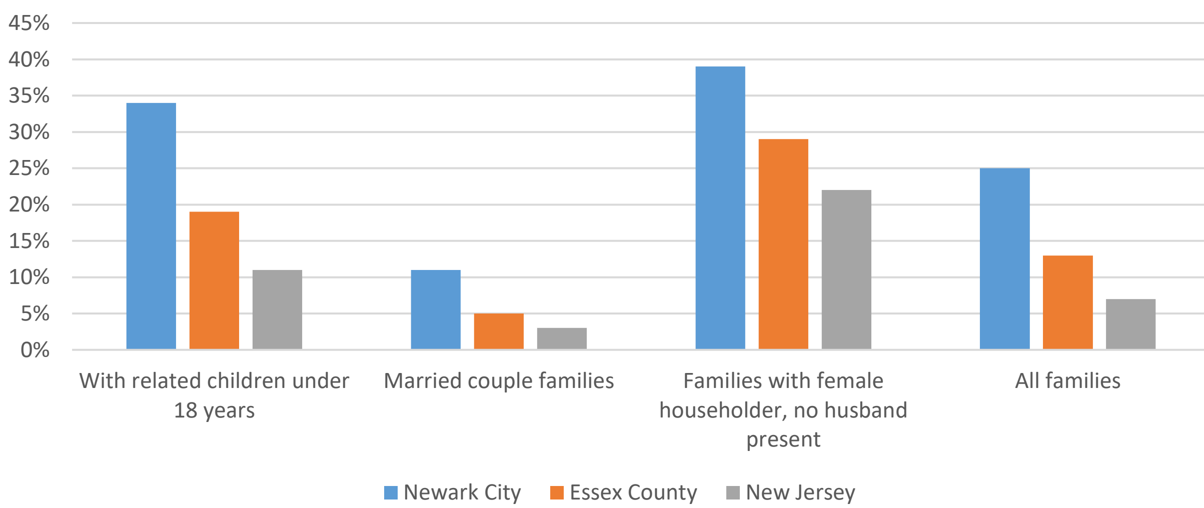


Source: US Census Bureau, 2008-2012 American Community Survey

Household Income and Poverty

There are definite economic challenges for Newark as its 2012 median household income ($34,987) was well below that of Essex County ($55,027) and the state ($71,637) (Appendix Table 16). Furthermore, in Newark, 28% of the population is living in poverty which is a much higher percentage than in Essex County (16%) or the state (10%).

FIGURE 3.14: Percentage of Families in Poverty, 2012



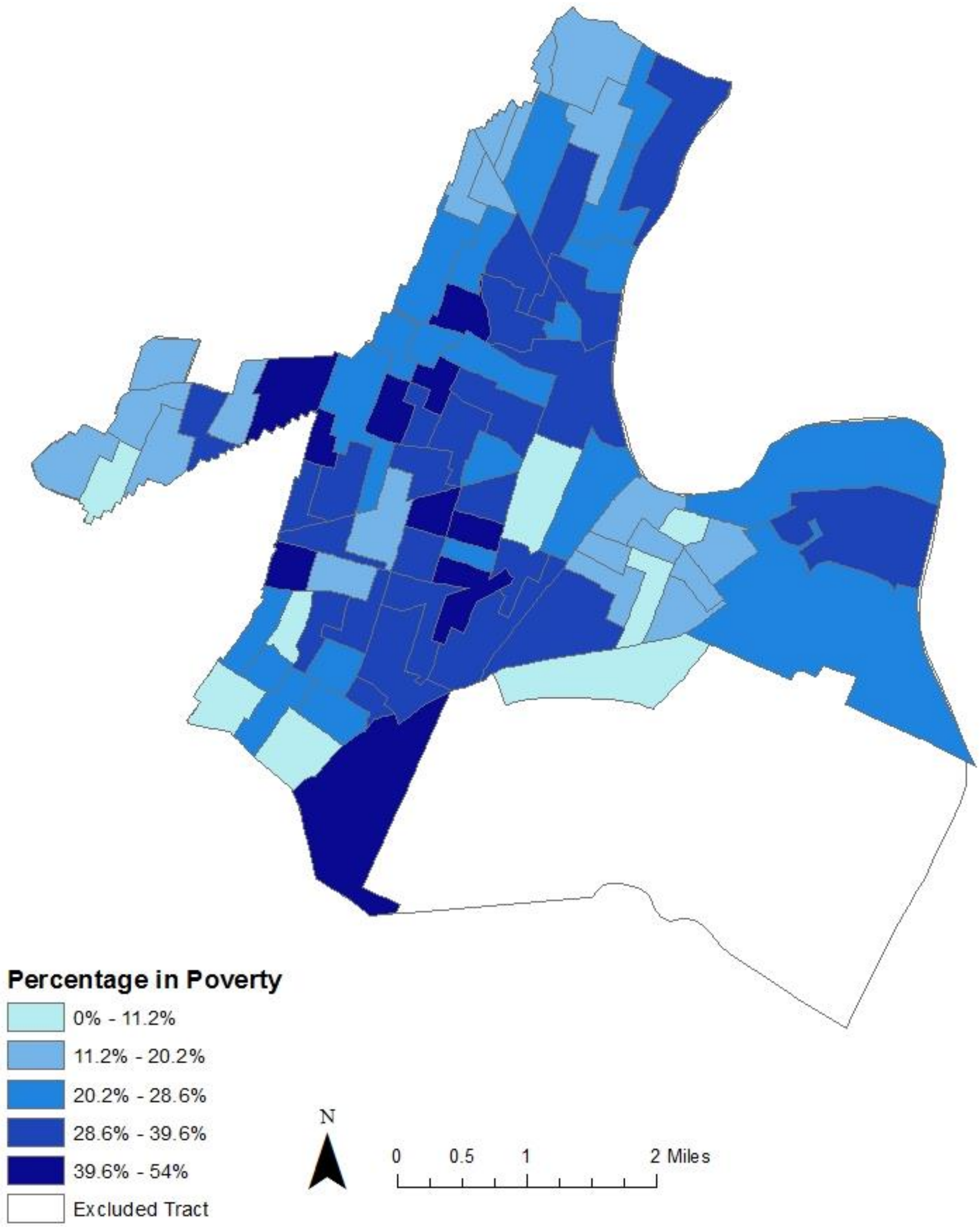
Source: US Census Bureau, 2008-2012 American Community Survey

Poverty is most prevalent in households with a female head with no husband present, a common typology in Newark. About four-tenths of such female-headed households are in poverty. This share is well above impoverished female headed households for Essex County (29%) and New Jersey (22%) (Figure 3.14 and Appendix Table 17). When comparing Essex County to New Jersey's other 21 counties, Essex ranks third in the state in terms of the number of impoverished families, followed by Hudson and Cumberland.

Poverty in Newark is also geographically clustered (Figure 3.15), with some census tracts having between 40 to 55 percent of their population living under the poverty line. Many of the census tracts with the greatest concentration of poverty are located in the city's western sections. As stated earlier, western Newark is located to most of the city's racial and ethnic minority populations. (Note that the southern-most census tract, 9802, was excluded in the analysis, as this area is primarily nonresidential).

Poverty is most prevalent in households with a female head with no husband present. This type of household also happens to be the most common family typology in Newark.

FIGURE 3.15: Percentage of Newark Residents Living in Poverty, 2012



Source: US Census Bureau, 2008-2012 American Community Survey and 2010 Tigerline Shapefiles

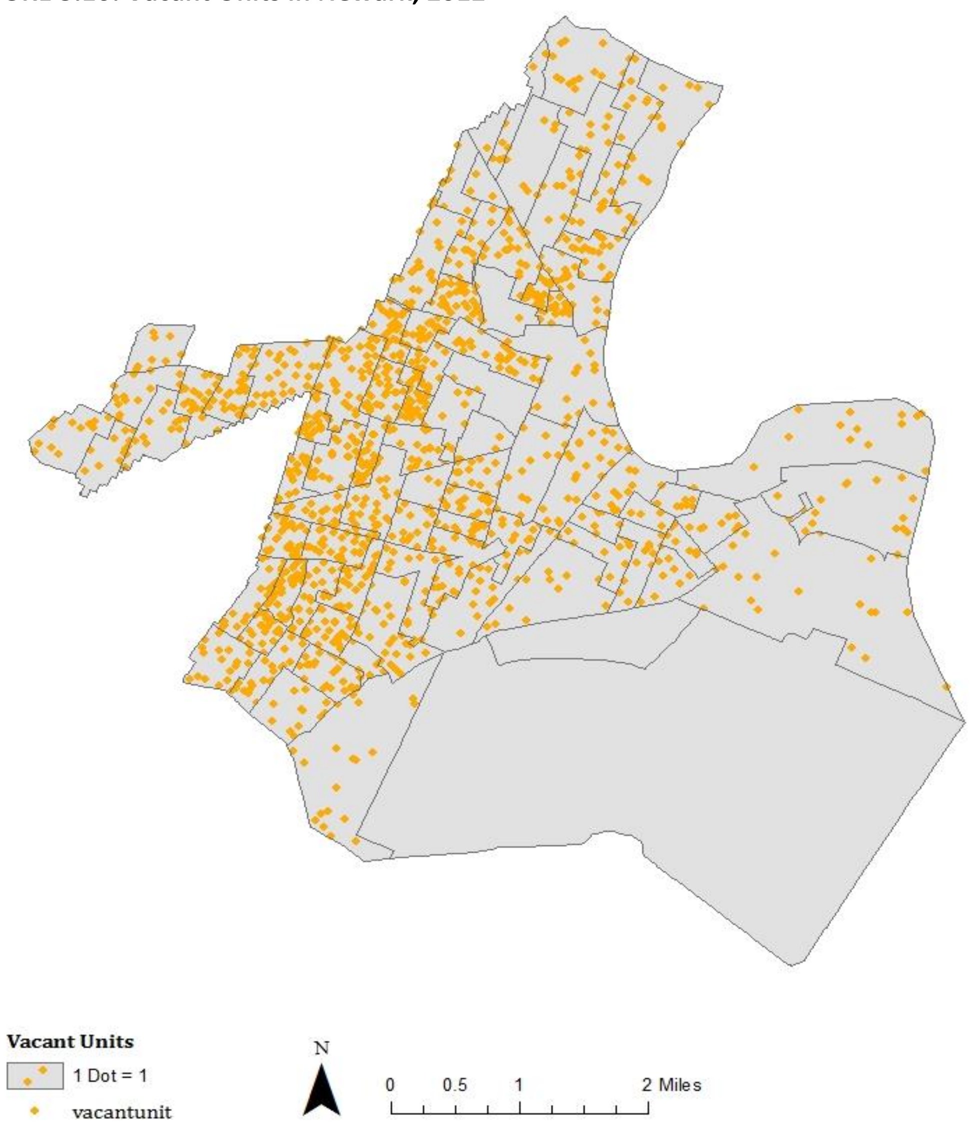
Many of the census tracts with the greatest concentration of poverty are located in the city's western sections. Western Newark also happens to house most of the city's minority populations.

Housing

A city is comprised of two facets: its people and its built environment. This section of the community profile turns to analyze the housing options in Newark. The housing sector illustrates major challenges facing Newark: the majority of homes were built prior to 1940, the city has a high vacancy rate, and the majority of residents rent, as opposed to owning, their homes.

There are a total of 110,000 housing units in the city, with 83.9 percent being occupied (Appendix Table 18). Much of the housing in Newark was built in 1939 or earlier (25.4%) (Appendix Table 19). As the city experienced a continuous decrease in population following 1950, less homes were constructed. Because of their age, at least 75 years old, most homes in Newark demand a lot of maintenance, and can be public health hazards if left vacant for long periods of time.

FIGURE 3.16: Vacant Units in Newark, 2012

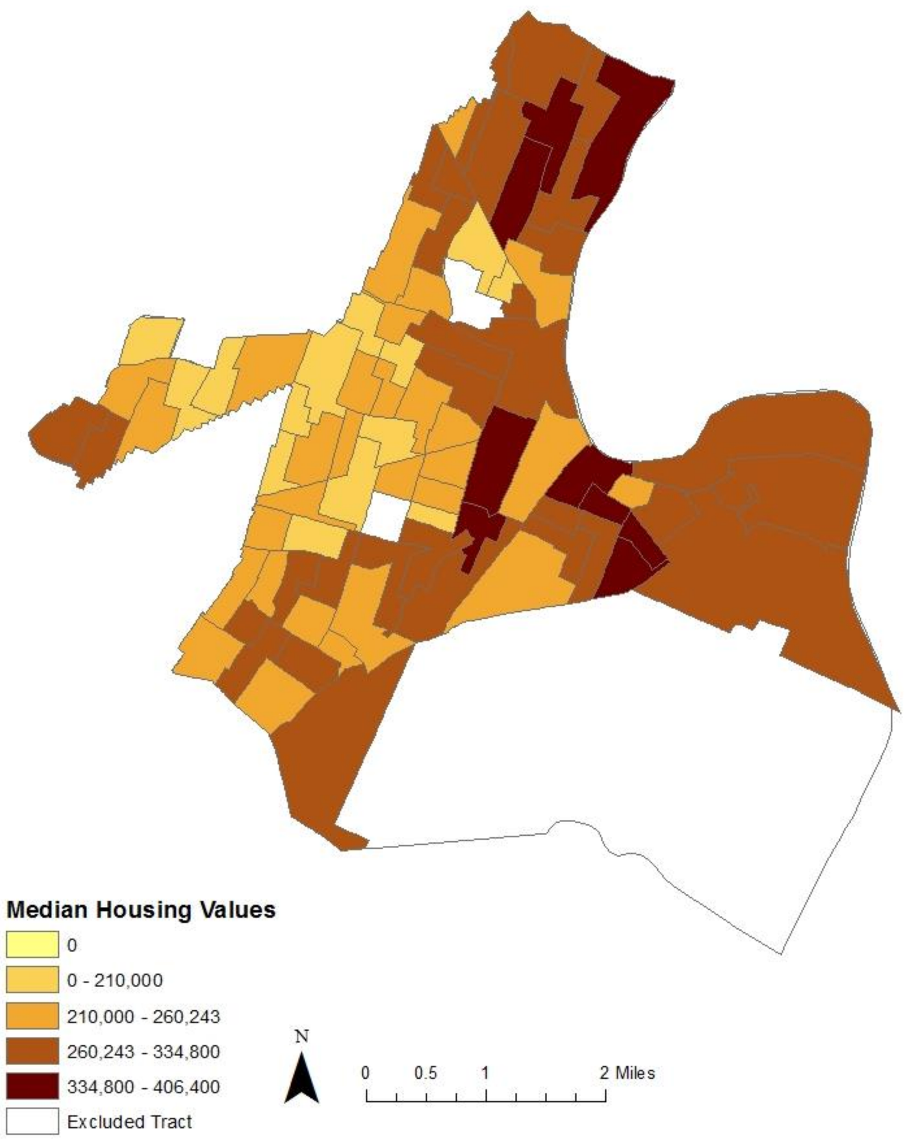


Source: US Census Bureau, 2008-2012 American Community Survey and 2010 Tigerline Shapefiles

When Newark entered the twenty-first century, new home construction more than doubled; about an eighth of homes in the city were built in between 2000 and 2010 (Appendix Table 19). Despite the modern amenities that these newer homes include, a little over one percent of all housing structures lack either complete plumbing (1.1%) or kitchen facilities (1.6%). Telephone service is not available in 3.5 percent of the city's homes (Appendix Table 20).

Newark struggles with above average vacancy rates. As of 2012, Newark had a 16.1% vacancy rate, while Essex County had only 11.3% of its units vacant and New Jersey had 10.4%. (Appendix Table 18). As shown in Figure 3.16, many of the vacant units are clustered in the west of the city, which are areas with high amounts of renter housing, and if you refer to Figure 3.17 below, are also areas with lower median home values.

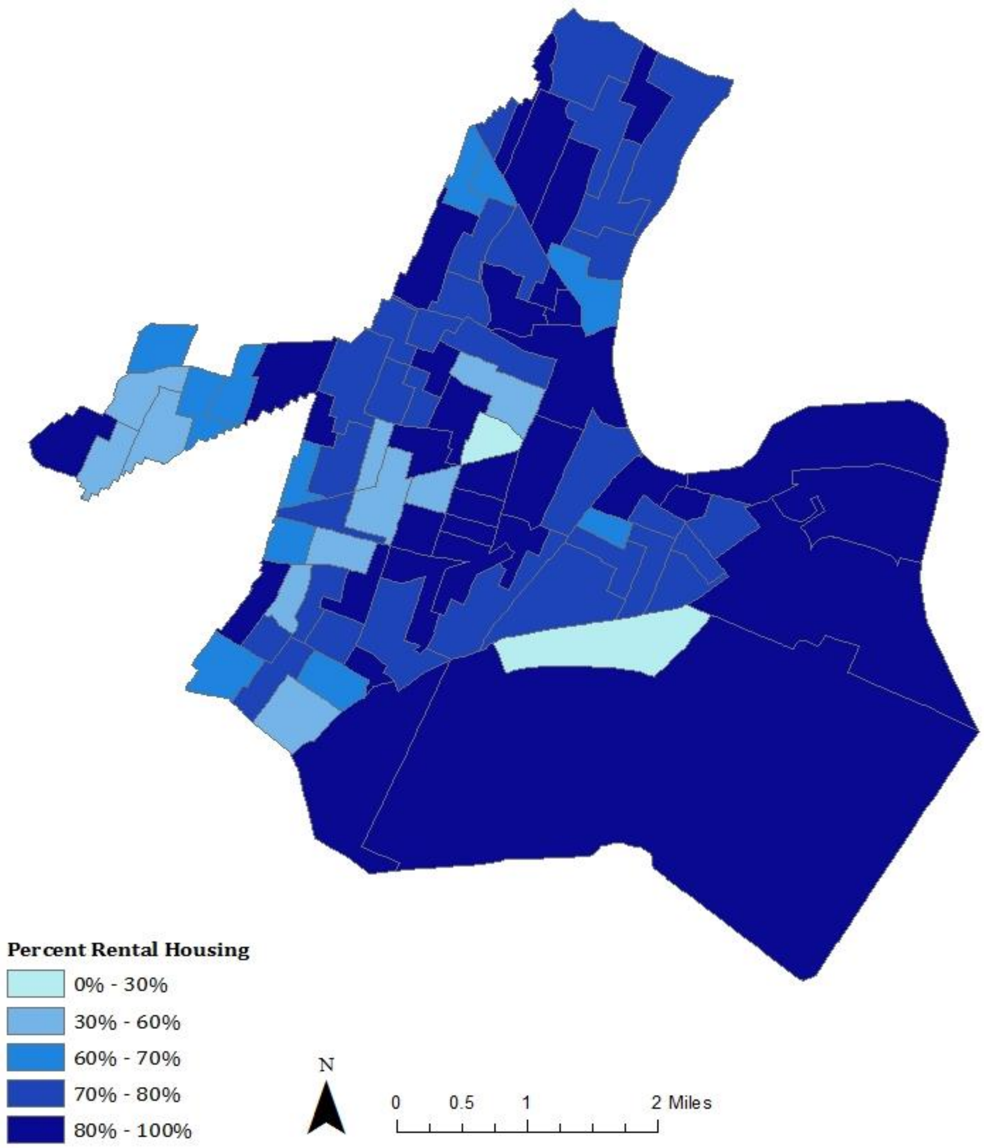
FIGURE 3.17: Median Housing Values in Newark, 2012



Source: US Census Bureau, 2008-2012 American Community Survey and 2010 Tigerline Shapefiles

With so many families living in poverty, as stated earlier, it is not surprising to find that most households in Newark are also renters. Almost opposite the state trends, 64.2% of Newark's population consists of renters, or those who do not own their own home. This is much greater than the renter rate in Essex County (47.7%) and over twice the renter rate of the state (30.3%) (Appendix Table 21). Most census tracts have 60 percent of their population renting their home, but in some portions of the city, this statistic rises to over 80 percent (Figure 3.17). Ignoring the southeast, which is largely compromised of nonresidential uses, much of Newark's renter population is in the city's center, with some located in the north. Most of these tracts correspond to tracts that house high percentages of Newark's African American population (see Figure 3.5) and individuals living in poverty (Figure 3.15).

FIGURE 3.18: Percent Rental Housing by Census Tract in Newark, 2012



Source: US Census Bureau, 2008-2012 American Community Survey and 2010 Tigerline Shapefiles

Housing values range greatly, with the lowest valued units located primarily in the city's western neighborhoods; conversely, the most expensive units are clustered in Newark's north and east areas. Much of the lower value housing units are located in the areas which contain primarily renter-occupied housing, and have a high percentage of African Americans. Census tracts with the highest housing values are located in areas that are predominately Caucasian and Hispanic areas (Figure 3.17 and Appendix Table 22).

55% of homeowners and 47% of renters in Newark report spending more than a third of their monthly income towards housing. This is an issue that needs to be addressed with more affordable housing.

The majority of Newark's owner occupied units are valued from $200,000 and $499,999 (65%) and very few units are worth over $500,000 (5.2%). Compared to Essex County, Newark's housing values are much lower, as Essex has 29.2% of its units valued at over $500,000 and only 6.3% valued at under $150,000 while Newark has 13.5% valued under 150,000 (Appendix Table 22).

Older housing stock and high rents can take a great toll on people with average or below average income. In Newark, 55% of owners of a unit with a mortgage spend 35% or more of their monthly income on housing costs and 30.9% of owners of a unit without a mortgage spend 35% or more of their monthly income on unit costs (Appendix Table 23). These rates show a high cost of home ownership in Newark, which could be why there is such a high renter population. However, even renters in Newark are not immune from high costs. In Newark, 47.2% of renters spend 35% or more of their monthly income on rent (Appendix Table 24). While this rate is similar to that in Essex County (45.8%) and the state (44.2%), it is still an issue that needs to be addressed with more affordable housing options.

Public Finance Profile

Like municipalities throughout New Jersey and the United States, Newark, NJ relies on local property taxes as a major source of revenue for municipal services and schools. Despite a move away from property taxes in recent decades, municipalities continue to rely on the tax for several reasons. Property taxes are stable, usually predictable, and are not severely affected by periods of slow economic growth. Assessment of land and improvements is relatively a feasible process, and there is a logical link between taxing property and many of the resulting services, such a firefighting or street maintenance.[11]

However, reliance on local sources of revenue poses challenges to economically depressed cities such as Newark. Not only does Newark suffer from depressed property values, but also has a large, low-income population who are reliant on government services, and the city must maintain extensive and aging infrastructure. Newark also faces the prospect of a coming wave of foreclosures, which it fears will add to the already large vacant housing stock that is currently

[11] "A Guide to Property Taxes: The Role of Property Taxes in State and Local Taxes," National Conference of State Legislators, 2004.

dragging down property values. As a consequence of these financial burdens, the city remains highly reliant on state municipal and school aid.

These challenges have resulted in major deficits. In October 2014, Newark's finances were placed under state supervision in response to a $93 million budget deficit. The supervised status will allow Newark to spread out 2013's deficit of $30 million over a decade. Newark Mayor Ras Baraka has proposed cutting operating expenses and lowering the city's payment into a state worker's unemployment benefits fund.[12]

An Overview of Newark Finances

In 2013, Newark levied a property tax of $383 billion to fund the expenses of the municipality, school district, county apportionment, and county and municipal open space. This levy was drawn from an assessed value property base of a little under $13 billion, making the nominal property tax rate $2.95 per hundred dollars. The assessed value of Newark properties differs from an estimated actual value, or the equalized value of property values. The equalized value of Newark's property base in 2013 was over $15 billion, making the equalized tax rate 2.482%.[13]

> *A reliance on local sources of revenue poses a serious challenge to Newark. Not only does it suffer from depressed property values, but also has a large, low-income population who are reliant on government services. Further, the city must maintain extensive and aging infrastructure.*

The nominal and equalized tax rates do not differ dramatically from the tax rate for Essex County (2.92% and 2.68% respectively) or the tax rate for New Jersey as a whole (2.73% and 2.26% respectively).

$188.8 million or about half of the levy in 2013 was allocated to the municipal budget, $108.96 million was spent on District Schools, and $5.59 million was spent on Local Schools, with the remainder spent on county apportionment, municipal and county open space, and municipal libraries. The total municipal budget for Newark, taking into account miscellaneous revenues in addition to property taxes amounted to $629 million in 2013.

The assessed value of residential properties amounts to $5.1 billion, or 41% of the total property value, not counting the value of vacant land. The assessed value of non-residential amounted to $7.3 billion, or 59% of the total. This is in contrast to Essex County, in which residential property value makes up 71% of the tax base, and New Jersey, in which residential makes up 76% of the

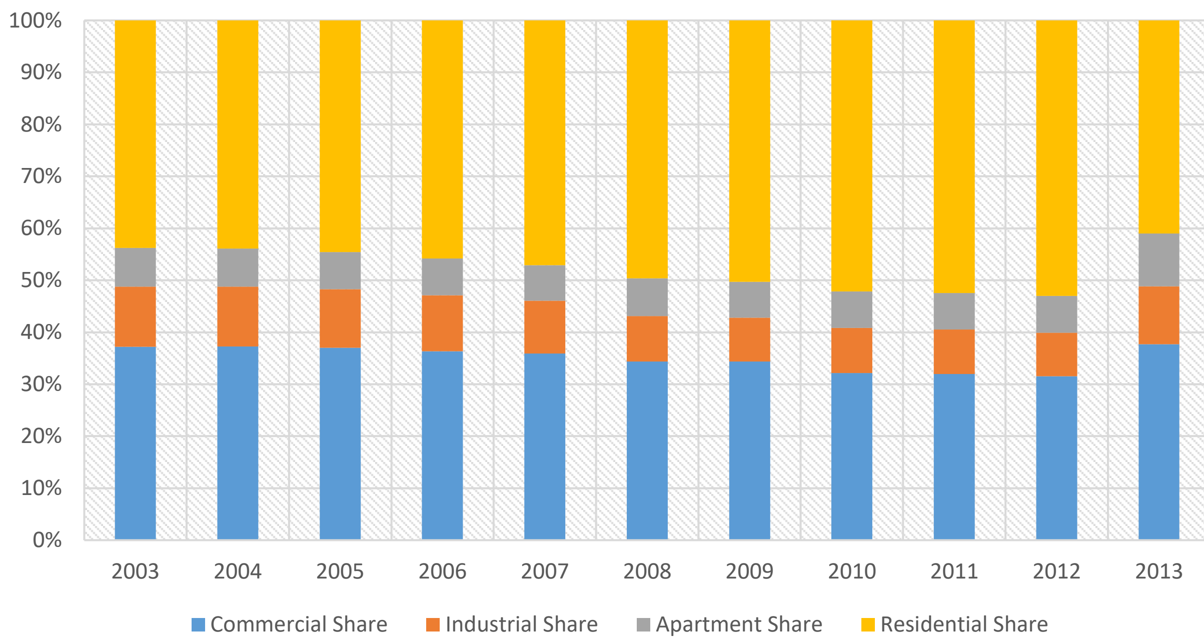
[12] "N.J. Board Puts Newark under Supervision as Part of Deficit Fix," Terrence Dopp, retrieved November 10, 2014, http://www.bloomberg.com/news/2014-10-08/n-j-board-puts-newark-under-supervision-as-part-of-deficit-fix.html.

[13] All Newark property tax data: "Property Tax Information," State of New Jersey Department of Community Affairs, retrieved October 31, 2014, http://www.nj.gov/dca/divisions/dlgs/resources/property_tax.html

tax base. This reflects Newark's role as an urban center home to numerous office buildings, hotels, and commercial and industrial areas.

Newark properties were last assessed in 2013, when many non-residential assessed property values increased dramatically, even doubling from the last assessment in 2003.[14] This may have contributed to the decision by the Local Finance Board to allow the city to borrow $8.42 million to cover payments to residents who appealed their tax assessments.[15] The reassessment resulted in a shift of the tax burden from residential to non-residential. Commercial, Industrial, and Apartment property classes all increased in assessed value from 2012 to 2013. The expanded property tax base allowed the city to lower the nominal tax rate for the first time in over a decade.

FIGURE 3.21: Share of Assessed Value by Property Class, 2003-2013



Source: State of New Jersey Department of Community Affairs, 2014

These developments are borne out in Figures 3.22, 3.23, and 3.24, which track historical tax rates in 2013 dollars. From 2003 to 2012, the total assessed value of properties in Newark remained roughly the same in nominal dollars, ranging from $10.8 to $11 billion. However, adjusting for inflation reveals a downward trend, from $14 billion in 2003 to $11 billion in 2012. Following the reassessment in 2013, the assessed value rose to almost $13 billion dollars, still lower than the 2003 value.

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[14] "Jump in Land Assessments Shocks Newark Business Owners," Nate Schweber, *The New York Times,* retrieved November 10, 2014, http://www.nytimes.com/2013/03/26/nyregion/big-jump-in-property-assessments-shocks-newark-businesses.html

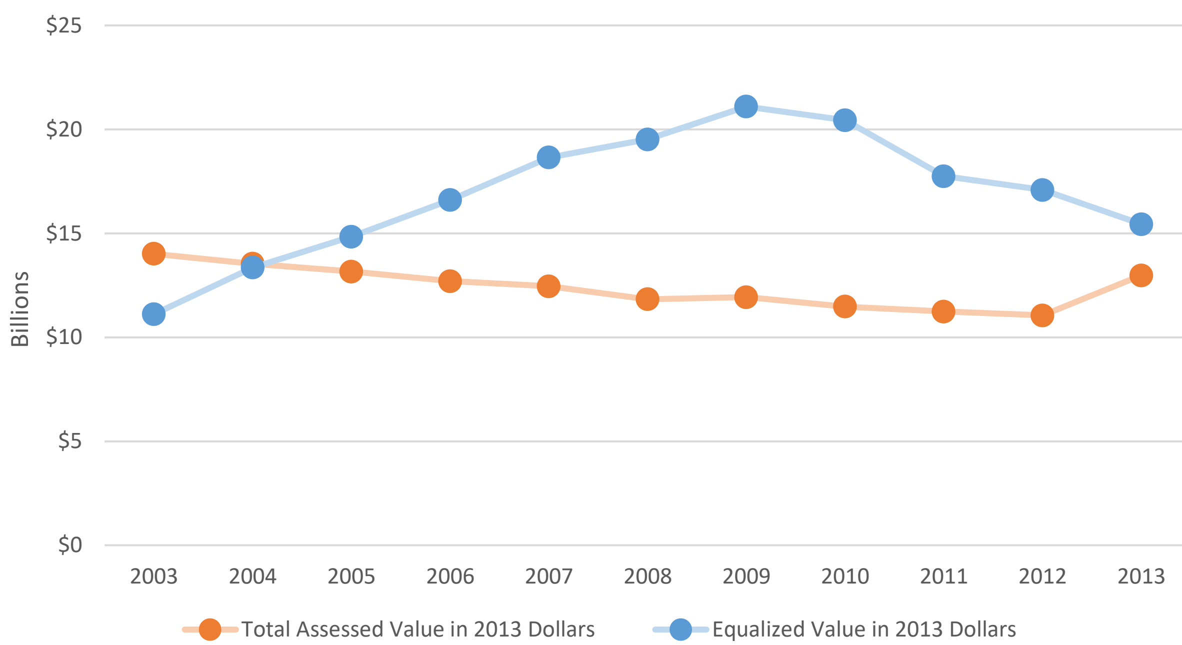
[15] "N.J Board Puts Newark under Supervision."

The nominal tax rate increased each year since 2003, with the exception of the years 2006 and 2007 during which the rate remained the same. This rate and base supported a growing levy over the decade, starting at $302.4 million in 2003 and growing to $381.5 million in 2012.

Due to the reassessment in 2013, the city was able to lower the nominal tax rate from $3.45 per $100 in 2012 to $2.95 in 2013. However, because the reassessment increased the value of the property tax base from about $11 billion to $13 billion, the new tax rate supported an increased levy of $383 million. This is a roughly $81 million increase over the 2003 levy, but a less than $2 million increase over 2012.

Compared to Essex County as a whole, Newark suffers from a meager property base value on a per capita basis. In addition, municipal spending per capita is much higher in Newark at $2,193 per person, compared to $1,915 in Essex County.

FIGURE 3.23: Assessed Value and Equalized Value in Newark



Source: New Jersey Department of Community Affairs, 2014

FIGURE 3.24: Nominal and Equalized Property Tax Rate in Newark

Source: New Jersey Department of Community Affairs, 2014

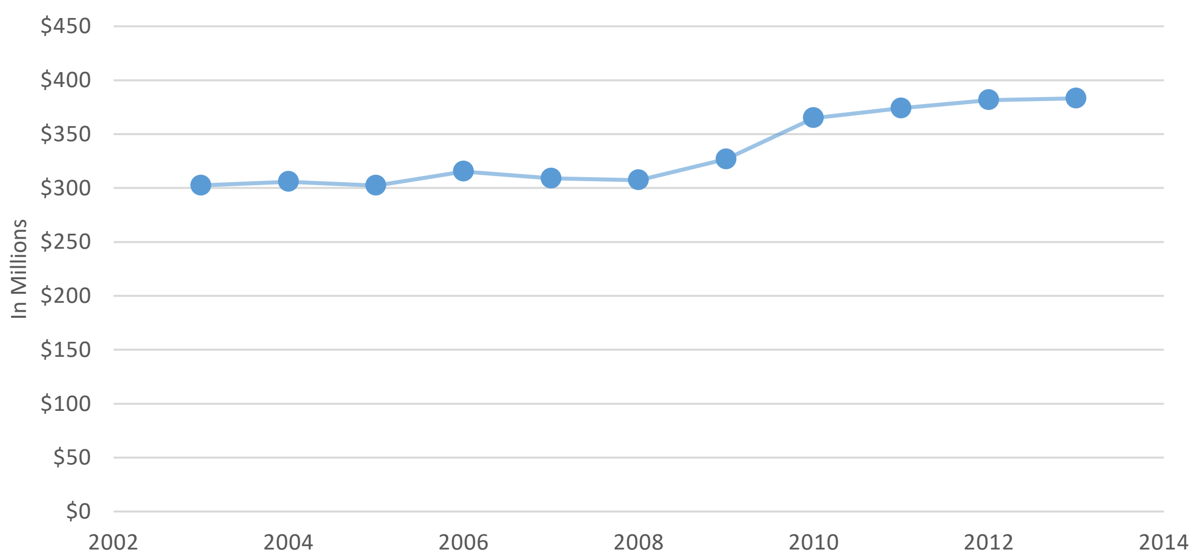


FIGURE 3.25 Property Tax Levy (in 2013 dollars)

Source: New Jersey Department of Community Affairs, 2014

Insufficient Property Tax Base

Compared to Essex County as a whole, Newark suffers from a meager property base value on a per capita basis. The equalized total property value per capita in Newark is $55,445, or only just over half of that in Essex County at $106,826. In addition, municipal spending per capita is much higher in Newark at $2,193 per person, compared to $1,915 in Essex County.

While the assessment value may have risen due to the 2013 assessment, the equalized value of Newark's properties have been falling steadily since 2009, after enjoying significant and steady growth since 2003. Although Newark tax payers saw a lower nominal tax rate on their 2013 tax bills, the equalized rate actually increased because of a drop in the equalized value of properties (Figure 3.24). This means that property owners actually paid a larger percentage of the estimated actual value of their property than in previous years (Figure 3.26).

A major factor limiting Newark's ability to raise sufficient revenue is the large portion of properties exempt from property taxes. Properties such as government buildings, churches, and cemeteries are exempt. As the Essex County Seat as well as the most populated city in New Jersey, Newark is home to numerous government institutions, schools, and higher educational institutions, and transit facilities, as well as churches, charities, museums, and other properties that do not pay property taxes but place a burden on municipal services. In Newark, foregone revenue from these properties amounts to $10.96 billion. This amount is 84% of the assessed property tax base. This proportion is much lower in Essex County at 25% and in New Jersey at 15%.

Newark's real estate market is also plagued by vacant properties. In 2013, there were 4,311 parcels categorized as vacant land in Newark valued at $511 million. Newark also faces a coming wave of foreclosures due to legally mandated delays in foreclosure proceedings. Newark fears that the foreclosures will results in entire blocks of newly vacant Real Estate Owned homes that may not be properly maintained by owners. This could potentially drag down the values of nearby properties and increase the need for municipal maintenance and police and firefighting services.

FIGURE 3.26: Annual Public Finance Profile for Newark, 2003 to 2013

Year	Total Assessed Value	Equalized Value	Nominal Property Tax Rate per $100	Equalized Rate	Property Tax Levy
2003	$14,011,268,609.05	$11,110,637,653.61	2.16%	2.72%	$302,416,354.12
2004	$13,539,686,346.81	$13,350,664,299.14	2.22%	2.29%	$305,871,284.15
2005	$13,162,327,364.61	$14,840,801,050.37	2.30%	2.04%	$302,284,288.83
2006	$12,700,232,756.68	$16,597,653,417.94	2.49%	1.90%	$315,300,467.00
2007	$12,451,055,829.49	$18,650,015,650.36	2.49%	1.66%	$308,888,602.48
2008	$11,827,538,284.29	$19,519,895,859.15	2.60%	1.57%	$307,320,937.06
2009	$11,930,769,276.01	$21,093,820,380.82	2.74%	1.55%	$326,745,678.48
2010	$11,477,331,637.27	$20,437,091,818.71	3.18%	1.79%	$364,937,560.32
2011	$11,238,794,382.93	$17,750,858,444.09	3.33%	2.11%	$373,981,753.89
2012	$11,054,668,184.02	$17,087,727,179.61	3.45%	2.23%	$381,519,625.10
2013	$12,979,522,245.00	$15,437,845,761.00	2.95%	2.48%	$383,160,331.32

Made from information provided by New Jersey Department of Community Affairs, 2014

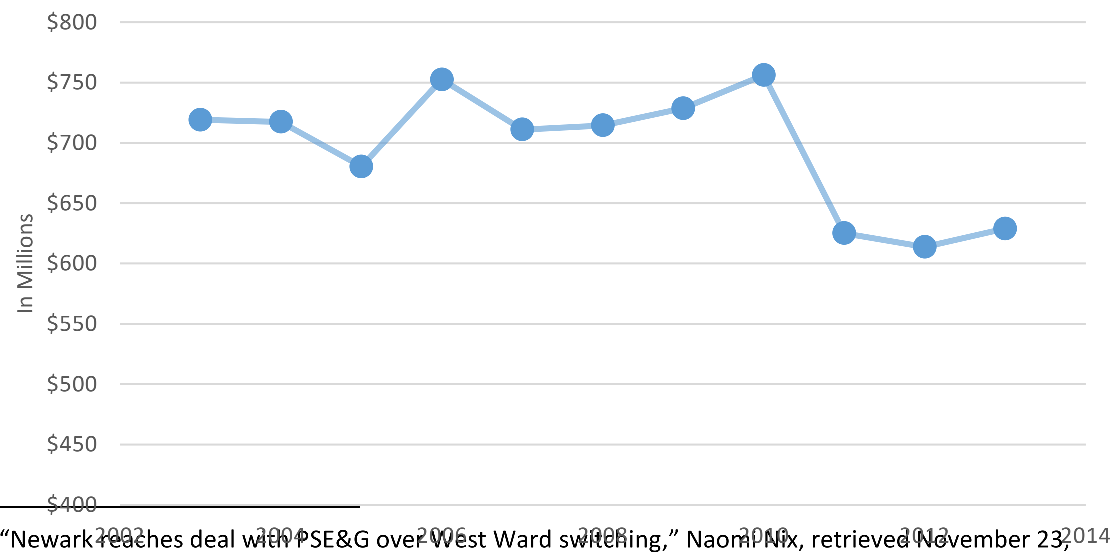
As a consequence of a limited tax base and high spending needs, the city relies on state municipal aid for a comparatively high portion of its revenue. In 2013 Newark received $107.37 million in municipal state aid. That's almost 60% of the amount of revenue raised through the local property tax.

Newark also derives revenue from properties through arrangements other than the property tax, either to compensate for lost revenues from exempt properties or as part of redevelopment efforts. For example, in order to construct a new switching station, utility provider PSE&G Recently, agreed to pay the city a Payment in Lieu of Taxes (PILOT) that would increase every year by 3.75%, starting at $1 million dollars the first year.[16]

The city also obtains revenue through a revenue sharing agreement with the Prudential Center arena, home to the New Jersey Devils hockey team. The deal was struck in order to bring the arena to Newark, but has been a constant source of contention between the city and the arena's owners. In 2013, ticket sales were expected to generate about $2 million dollars in revenue for the city.[17]

The Port Authority of New York & New Jersey pays a lease for the land on which its transit and port facilities are located, an area that takes up roughly a third of Newark's total acreage.[18] Mayor Baraka recently raised the idea of selling the land to the Port Authority and having the agency pay a PILOT.

FIGURE 3.27: Total Municipal Budget for the City of Newark, 2003 to 2013 (in 2013 dollars)



[16] "Newark reaches deal with PSE&G over West Ward switching," Naomi Nix, retrieved November 23, 2014, http://www.nj.com/essex/index.ssf/2014/11/newark_reaches_deal_with_pseg_over_west_ward_switching_station.html

[17] "Deal on Arena Helps Newark, Booker's Bid," Heather Haddon, *The Wall Street Journal*, retrieved Novmeber 23, 2014 http://online.wsj.com/articles/SB10001424127887324688404578543820392184426

[18] "Newark Mayor offers to sell Port Authority city land occupied by airport and seaport," Steve Strunsky, retrieved November 23, 2014, www.nj.com/news/index.ssf/2014/10/newark_mayor_offers_to_sell_port_authority_city_land_occupied_by_air_and_seaports.html.

These and other sources of revenue are contained within a category of miscellaneous revenues. The municipal budget, as a total of municipal allocated property taxes and miscellaneous revenues, has shown a marked decrease in recent years when measured in 2013 dollars. From 2009 to 2013, municipal spending has dropped from $756 million to $629 million.

School Spending

Newark also receives a large share of its school funding from state aid. 86.8% of Newark's school budget is funded by state aid, compared to 55% in Essex County. The need for state aid arises not only from a low property value per capita ratio, but also from a higher spending per pupil. Newark spent about $17,965 per pupil in 2013 compared to $16,620 in Essex County and $15,490 in New Jersey.[19] State aid for schools rose substantially during the last eight years, from $738 million in 2005 (the last year for which data is readily available) to $874 million in 2013.[20]

In the late 1940s, Newark began its "War on Slums and Blight," which used slum clearance and redevelopment to revive Newark. Instead of creating more housing and vibrant communities, the city was in effect eliminating them.

In 2014, Newark had the largest school budget in the state.[21] Despite large state aid and high per pupil spending, the Newark school system remains troubled. In 1995, a state judge ordered the state to take over the Newark school district, noting that Newark's spending per pupil was among the highest in New Jersey but that only one quarter of students passed the High School Proficiency Test, which "is a description of failure on a very large scale".[22] Partial local control was returned to Newark in June 2014 after the state noted substantial improvement.[23]

In 2010, the founder of Facebook, Mark Zuckerberg, donated $100 million to Newark's school system, although the expenditure of those funds have been riddled with technical problems and political controversy.[24]

Legal Basis for Redevelopment

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[19] New Jersey Legislative Data Book, (2013).

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[24] "Whatever Happened to the $100 Million Mark Zuckerberg Gave to Newark Schools?," Maggie Severns, *Mother Jones*, retrieved November 13, 2014, http://www.motherjones.com/mojo/2013/03/zuckerberg-advocacy-group-100-million-donation-newark-schools.

Governments have always had various powers at their disposal to effect large-scale redevelopment. However, over time exactly what these powers entail has changed. In New Jersey, redevelopment is largely governed by the Local Redevelopment and Housing Law (LRHL). Passed in 1992, this law compiled past redevelopment laws into one statute.

The LRHL authorizes governments to designate areas in need of redevelopment or rehabilitation, create redevelopment plans, and use eminent domain to acquire private property if deemed necessary for implementation. To limit abuse of these powers the LRHL establishes specific criteria and procedures to follow for redevelopment designation and defines the powers of the redevelopment entity charged with implementing the redevelopment plan.

To allow for comprehensive redevelopment, two other laws were passed in conjunction with the LRHL: the Long Term Tax Exemption Law and the Five-Year Tax Exemption and Abatement Law. The Long Term Tax Exemption Law enables municipalities to grant tax exemptions, of up to 30 years, to private redevelopment firms. In return, these firms pay an annual service charge, known as a payment in lieu of taxes or PILOT. Similarly, the Five-Year Tax Exemption and Abatement Law, authorizes municipalities to grant short-term tax abatements and exemptions, of up to 5 years, in areas designated in need of redevelopment or rehabilitation.

The Newark Housing Authority is the entity in charge of redevelopment. In order for statutory redevelopment to occur, as laid out in the LRHL, the city must first ask the planning board to investigate if a specific area is in need of redevelopment or rehabilitation. As part of this investigation the planning board completes field work, pulls public records and conducts a public hearing regarding the proposed designation. If the area is found in need of redevelopment, the city or the planning board completes a redevelopment plan for the area. The city then adopts the plan and the Newark Housing Authority selects a developer and oversees implementation.

Defining Areas in Need of Redevelopment

The first and most important decision in the redevelopment process is deciding whether or not to use redevelopment. Redevelopment is such a powerful option that a municipality that uses redevelopment within the wrong context runs the risk of generating serious social and legal problems that hamper its regeneration efforts. Thus, a municipality's decision to exercise its redevelopment authority should be based on thorough investigation of the proposed redevelopment area. In order to designate an area in need of redevelopment the planning board, during its investigation, must find substantial evidence that the properties meet at least one of the following redevelopment criteria.

- **Criteria A**: Buildings have deteriorated so as to be substandard, unsafe, and a threat to those living and working in them. This criteria can be found by site visits with both internal and external examinations of the property. Structural engineers could assist with a review of the building conditions to determine if they are hazardous and local building, housing, fire, and health code records should be examined.
- **Criteria B**: Commercial or industrial buildings are vacant or abandoned and have become un-tenantable. Similar to Criteria A, these conditions can be observed during a

site visit which should be supplemented by interviews with property owners and local officials as well as a review of tax assessment records.

- **Criteria C**: The land is owned by a government or redevelopment entity, or consists of unimproved vacant land that has been vacant for ten years or more and that because of its location, lack of access, condition of soil, or topography is unlikely to be developed by the private sector. This condition is sometimes hard to prove and environmental and engineering firms may need to be brought on. However, some examples of properties fitting within this criteria include brownfields, steep slopes, or "land-locked" parcels.
- **Criteria D**: Areas with buildings or improvements which by reason of dilapidation, obsolescence, overcrowding, faulty arrangement or design, lack of ventilation, light and sanitary facilities, excessive land coverage, deleterious land use or obsolete layout or any combination of these factors are detrimental to the safety, health, morals, or welfare of the community. This designation is less concerned with problems of dilapidation and abandonment and could consist of properties with poor pedestrian or vehicle circulation or land uses that have an adverse impact on surrounding properties. However, within this criteria it is important to provide evidence on how the conditions negatively impact the surroundings.
- **Criteria E**: The area has a growing or total lack of utilization caused by condition of title, diverse ownership, or other conditions resulting in a not fully productive condition of the land. However, this criteria does not mean that simply because a property could be better utilized it can be included. There must be proof on how these factors result in the unproductive use of the land and that this unproductive use has a negative effect on the surrounding area.
- **Criteria F**: The area is greater than five acres and buildings or improvements have been destroyed by a natural disaster.
- **Criteria G**: Any area that falls within an Urban Enterprise Zone. However, if this is the only condition the area satisfies, eminent domain cannot be used.
- **Criteria H**: The designation of the area is consistent with smart growth planning principles. However, this criteria is hard to provide substantial evidence as proof and often is not upheld in court.

If the designated area is found to meet at least one of these criteria, it can be designated an area in need of redevelopment and a redevelopment plan will be created. Within redevelopment areas the municipality is authorized to offer private developers long-term or short-term tax abatements, use redevelopment agreements to negotiate with the developer, and use eminent domain to take private property, if the area is designated a condemnation area. Additionally, the redevelopment plan can supersede the current zoning to allow more flexible development conditions (Figure 4.1).

Another approach is to designate an area in need of rehabilitation. A comparison of tools allowed in the rehabilitation verse redevelopment area can be seen in Figure 4.1. In rehabilitation areas, fewer tools are available to the municipality, but the area also has to meet less strict criteria and the designation process is less intensive. For an area to be designated in need of rehabilitation, it must meet one of three criteria.

- **Criteria 1**: A significant portion of structures are deteriorated or substandard and there is a pattern of vacancy, abandonment, or underutilization.
- **Criteria 2**: At least half of the housing stock in the area is 50 years old or the majority of the water and sewer infrastructure is 50 plus years old and in need of repair.
- **Criteria 3**: Rehabilitation can be reasonably expected to prevent further deterioration and encourage development in the community.

No formal hearing or investigation is necessary for this designation. Assuming the area meets one of these criteria, the governing body simply submits a resolution to the planning board for review, the board has 45 days to make recommendations and then the governing body can adopt the resolution, with or without any changes. Once the resolution is adopted, a redevelopment plan can be created for the area and all the powers of redevelopment are conferred with the exception of long-term tax exemptions and the use of eminent domain.

Figure 4.1: Choosing between Rehabilitation and Redevelopment

	Solution			
Problem/Objective	Zoning Changes	SIDs and BIDs	Rehabilitation Areas	Redevelopment Areas
Property Acquisition				X
Form Based Standards	X		X	X
30 Year PILOTs				X
Redevelopment Agreements			X	X
Property Transfers without Bid			X	X
Land Use Controls	X		X	X
Project Funding		X	X	X
RAB Financing				X

Source: New Jersey Future Redevelopment Forum, 2011

In Newark, the city used this process to designate the entire municipality a rehabilitation area. In May of 2005, a resolution was passed authorizing the central planning board to make an investigation to determine if the city in its entirety was an area in need of rehabilitation. During this investigation, the planning board found that over 50% of the housing stock was 50 years or older and the water and sanitary sewer utilities are at least 50 years old and in need of repair. Based on these findings, and after a public hearing, a resolution was passed designating the city of Newark in its entirety, an area in need of rehabilitation. This resolution was adopted in June 2005.

Workable Relocation Assistance Plans (WRAP)

Redevelopment, inherently, involves a significant physical change of an area. Sometimes, this requires the acquisition of property in the redevelopment area, which, inevitably, results in the relocation of existing residents or businesses. The displacement of long-time residents or iconic local businesses from neighborhoods is a controversial as well as complicated issue, even though the neighborhood business is located area designated in need of redevelopment. Thus, state laws and regulations require that municipalities assist residents and businesses displaced by redevelopment.

Procedures for relocation and compensation for displaced residents and businesses are articulated in the Local Redevelopment and Housing Law (LRHL) and related statutes and regulations. The New Jersey Relocation Assistance Law, P.L. 1967, c.79 (N.J.S.A. 52:31 B-1 et seq.), the Relocation Assistance Act, P.L. 1971, c.362 (N.J.S.A. 20:4-1 et seq.), and associated regulations (N.J.A.C. 5:11-1 et seq.) adopted by the New Jersey Department of Community Affairs (DCA) require that a municipality or agency displacing residents or businesses as the result of a redevelopment plan adopt a Workable Relocation Assistance Plan (WRAP), which establishes procedures for providing financial compensation and assistance to displaced residents and businesses. The WRAP is not part of the redevelopment plan, but a separate document. According to N.J.A.C. 5:11-6.1 (c), the WRAP must include "measures, facilities, or services" to:

- Determine the needs of the residents and businesses to be displaced
- Assist those displaced in obtaining replacement housing and business locations,
- Secure the coordination of relocation activities with other agencies that may be causing displacement,
- Assist in minimizing hardships to residents and businesses being displaced,
- Determine the need for relocation assistance for each person or business being displaced,
- Assure the availability of decent, safe, and sanitary replacement housing,
- Determine the source, amount, and availability of funds necessary to complete relocation, and
- Provide any other information deemed necessary by DCA to ensure that the provisions of the Relocation Assistance Act are carried out.

Court Cases

Areas in Need of Redevelopment and Justification of Eminent Domain

It is important that planners strictly adhere to the redevelopment process and criteria laid out in the LRHL as, especially when eminent domain is involved, there may be backlash from community actions potentially leading to legal action. How the courts have ruled on redevelopment cases have changed over time. Two of the most influential court cases regarding redevelopment and the use of eminent domain are *Berman v Parker* decided by the Supreme Court in 1954 and the more recent *Kelo v New London* decided, by the same court, in 2005. Specific to New Jersey, we will also examine *Gallenthin vs Borough of Paulsboro* a case that has greatly influenced redevelopment in the state.

In *Berman vs. Parke*r, the plaintiff, owner of a non-blighted department store, argued that the acquisition of their property as part of a redevelopment strategy was unconstitutional under the Fifth Amendment. The property in question was located near dilapidated housing which was being redeveloped after an investigation found substantial evidence that 64.3% of the dwellings in the area were beyond repair and only 17.3% were satisfactory. The plan for the area included these dwelling units and other nearby properties, such as the one in question. The court, relying on the District of Columbia Redevelopment Act, found that it is lawful to condemn land for public purpose and in this case the redevelopment of the slums was a public purpose, as public purpose is broadly defined and can include both safety and aesthetics. Additionally, the court ruled that if there is a redevelopment plan, as existed in this case, and experts claim that all the land in the area is necessary for effective redevelopment, eminent domain may be used to allow the area to be planned as a whole. Thus, the non-blighted department store could be seized, with just compensation, and turned over to a private developer.

After Berman, courts tended to rule in favor of eminent domain as long as it could be supported by a redevelopment plan. However, more recently the views of the courts have changed and become more skeptical. Some of this skepticism resulted after the *Kelo v. the City of New London.* In *Kelo* the court actually ruled in favor of the use of eminent domain; however, the effects of this ruling brought a lot of national attention to the issue and highlighted the problems of using eminent domain to bring about private development.

The City of New London, CT approved a development plan in 2000 when it was in economic distress. The plan was projected to create at least 1000 jobs, increase tax revenues and revitalize an economically distressed city—including its downtown and waterfront areas. As part of this plan, the city purchased property from willing sellers and proposed to use eminent domain to acquire the rest of the properties. This development would be overseen by the New London Development Corporation (NLDC), a private nonprofit previously established. The state issued bonds supporting NLDC and the development of Fort Trumbull State Park, the main area in question. Much of the planned for jobs and redevelopment success was expected to come from the pharmaceutical company Pfizer, who had announced that it would build a $300 million research facility on the property adjacent to Fort Trumbull.

NLDC received initial approval and proceeded to educate the neighborhoods that would be affected by this change. They then received state approval and began to focus on 90 acres of the Fort Trumbull area. Fort Trumbull is situated on a peninsula and the area is comprised of approximately 115 privately owned properties. The land was proposed to be divided into seven parcels—each having different uses, some completely public and some partially private. At this point, 9 petitioners from the area began to challenge the city's right to this taking. They did not believe the taking was for a public use – as defined in the Fifth Amendment. The superior Court granted a permanent restraining order prohibiting the taking of the properties. Both sides appealed to the U.S. Supreme Court and the court held that the takings were valid.

The court argued that through the development of history "public use" has become a broad term. The use did not have to actually be open to the public for it to be classified as public use. That in fact if the public would benefit from it—it would qualify. Since according to the constitution planning had to be done as a whole and not piecemeal, the NLDC could not divide up the property to determine whether each individual taking would actually benefit the public. The City came up with a well thought out plan that had projected economic benefits for the town, and as long as that was presumed to be valid—that was all the court had to decide upon. They could not decide how much of a benefit it would be—or the roles that these individual properties would play. Since this taking was a part of a whole development plan, even though some of the parcels would not be open to the public that did not matter—as long as the overall plan benefited the general welfare.

Empty Land in New London, CT where development was planned to occur. (Source: Alec Torres).

While this case set a precedent allowing municipalities far-reaching power in terms of using eminent domain to support private development, unsatisfactory results caused future courts to be more lenient. After the court ruling, development started in the area. Private owners were displaced and buildings in the area were demolished. However, the development was never completed because Pfizer chose not to relocate to the area. Since so much of the plan and job creation was based on this one company, this change caused the redevelopment plan to fail. Currently, nine years after the court ruling, the land is still vacant.

This failure brought a lot of national attention and municipalities and respective courts began to realize the problems of using eminent domain to benefit private developers with no assurance that the planned public benefits would occur. This has caused courts and municipalities to become much more cautious in their use of condemnation.

Specific to New Jersey, a court case decided in 2007, also increased court skepticism regarding eminent domain. The plaintiff, Gallenthin Realty Development, owned a sixty-three acre parcel of vacant land in the Billingsport section of the borough on the Delaware River. They placed the property for sale for $2.5 million to capitalize in the operation of a dredge deposit site. The plaintiff requested that the property's zoning be changed form M to MIBP – which was less restrictive. Later on, the municipality adopted a new master plan which recommended some areas for redevelopment for economic benefits. The parcel was not affected by this. There were revisions to the master plan, but each time the plaintiff's parcel was not included. Finally one of the investigations found that the plaintiff's land (along with some property owned by BP) should be recommended for redevelopment. The Planner for the borough found that the plaintiff's land had showed no signs of improvement or development. If the land was taken as part of the larger property that was being redeveloped it would benefit the municipality greatly providing jobs and new tax revenue. The Gallenthins' planner Paul Szymanski stated that the land had been used previously for a dredge disposal site (but hadn't been used as such since the 60s) and also as a Phragmites farming land but they admitted that did not produce much of a profit. The board decided that the land was in need of redevelopment. The plaintiffs filed a complaint with the law division claiming that the board conspired against them to deprive them of their development rights. The lower court dismissed their complaint—as the court was only asked to rule on the process that was taken regarding the variance—and that the municipality had followed all of the rules regarding that. The plaintiff then appealed to the appellate division and lost there also. Finally, the plaintiff appealed to the Supreme court of New Jersey which found that the municipality was incorrect in determining their land as in need for redevelopment on a constitutional basis. The court found that the municipality was unconstitutional in determining the parcel of land as blighted. The court found that the municipality had determined the parcel as vacant solely because it was not being used to its optimum capacity. However, if the parcel is not itself dilapidated and is not negatively affecting the surrounding properties, just because it is not being used optimally does not qualify as blight. In fact, the court stated that if all properties not being used to their maximum value would qualify as blight; a significant number of parcels throughout the state would be eligible for development.

Furthermore, in determining the property as blighted, the municipality focused almost entirely on the expert witness of the planner. There was no evidence showing that the supposed "blighted" conditions of the parcels affected the nearby land or hurt the community. Therefore, the *Gallenthin* ruling heightened the standard for substantial evidence, causing future court rulings to be based much more heavily on records and data proving conditions of blight.

Controversy in Newark: Overturning of Mulberry Street Redevelopment Designation

One of the most controversial redevelopment designations in Newark, was the Mulberry Street Redevelopment Area. Ultimately, relying on precedent set by *Gallenthin Realty v Borough of Paulsboro*, the court overturned this designation because of lack of substantial evidence along with hints of political back dealings.

The Mulberry Street Area, located in the southeast of the city's central business district, consisted of single and multi-family homes, restaurants, offices, retail, and for-pay parking lots. In 2002, the Newark Redevelopment Corporation (NRC) entered into an agreement to purchase many of the parking lots. That same year, NRC and city officials discussed developing these properties into a mixed-use site with market-rate condominiums. At this point, not following established protocol, the city and NRC developed an understanding that city council would pass a resolution to have a planner prepare a report establishing the area as in need of redevelopment and NRC would be appointed the redeveloper. During this process, the area in question was expanded with NRC planning to negotiate with other property owners or use eminent domain to acquire the remaining areas.

After initial controversy, a city planner was hired to prepare an investigation report for the area. The planner, relying on Sanborn maps, external inspections of properties, aerial photographs and photographs of each lot, came to the conclusion that the area was in need of redevelopment under Criteria E, stating that the parcels consist of parking lots, storage yards and vacant land and thus are not fully productive.

However, as determined in *Gallenthin*, just because a property is not maximizing its use value, it cannot be declared an area in need of redevelopment. There must also be substantial evidence that the area has become so deteriorated as to negatively affect the surrounding areas.

Additionally, the planner in giving his testimony did not have sufficient substantial evidence to back his claim. The planner did not research the ownership of the storage yards and vacant lots, did not investigate building permits, code violations, occupancy rates or employment data and, in fact, made crucial mistakes with his property classification. The plaintiff's planner pointed out that not all lots identified as parking lots were correct; many of the commercial buildings were occupied and successful; the parking lots were in good condition and actively used; and new renovation was recently approved for one property and completed on another.

Given these mistakes, a lack of evidence, and the *Gallenthin* precedence, the court overturned the designation and redevelopment was unable to proceed. However, included in this decision was a statement by the court that "the city should be entitled to utilize the tools of redevelopment to allow it to once again take its place as the state's most important and prominent city."[25] This inclusion, allows future courts to see that the overturning of this designation is not motivated by a lack of support for redevelopment but simply the given conditions in this specific case.

Case Study: Blanchard Street Redevelopment Area

Area in Need of Redevelopment Investigation Reports

To avoid controversial court cases and to ensure that redevelopment designations hold-up, it is important to ensure redevelopment investigation reports are thorough. A good example of this in Newark, is the Area in Need of Redevelopment Investigation for Select Properties along Blanchard Street. The study begins by outlining clear boundaries of the area in question, complete with identifying block and lot numbers. Referencing records pulled from the Department of Health and Welfare, the Fire Department, the Tax Office, and the Department of Neighborhood and Recreational Services begins to analyze the area. Based on these records, it found that there has been no capital investment in the area over the past 20 years and many properties have been cited for code violations with problems such as overgrown vegetation, garbage, rodents, illegal dumping, unsafe structures, overcrowded site conditions, and illegal on site activity. It is also noted that while environmental background is incomplete there are problems of contamination. Just after presenting the initial findings, it is clear this planner is more complete than in the case discussed above.

The report goes on to outline how the properties relate to the current master plan and redevelopment strategies. Newark plans highlight the need for jobs within the city and targets the port area for industrial development that can produce jobs and ratables. This fact, while not substantial evidence for a redevelopment designation, shows a thoughtfully considered redevelopment plan that is aimed at bettering the city rather than furthering a redeveloper's personal agenda, as was a complaint in Mulberry Street.

After establishing a context of the area in question, the report thoroughly examines each parcel. The report contains the location, owner, size, assessed value, current use, and a description of the parcel's condition based on interior and exterior observations. At this point, any code violations or unique conditions are also cited.

The results of the Blanchard study find that nearly 80% of the properties in question qualify for redevelopment under one or more of statutory Criteria A through E. The question that remains

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[25] *Mulberry Street Area Property Owner's Group v. City of Newark*, njeminentdomain.com, 2007.

is if the 10 properties that do not meet the criteria can, and should, be included for successful redevelopment. Given that large scale industry is planned for this site, and large access points and facilities are needed for moving freight, the study concluded that inclusion of the additional properties is necessary for successful redevelopment. The report further argues that "without public intervention in the form of a unified and cohesive redevelopment strategy, this area will only continue to stagnate."[26] Given that this success will not be reached without the inclusion of all properties, and that most properties do on their own meet the redevelopment criteria, the report finds that the study area qualifies as an area in need of redevelopment.

Comparing the thoroughness of this report to the less than satisfactory planning testimony in the Mulberry Street redevelopment court case, it is possible to see the difference between substantial evidence and expert testimony. The city planner tasked with investigating the Mulberry Street area relied on insufficient evidence and did not have past plans or city goals to support his designation. In the Blanchard report, all of the information is given down to the code violations, size, value and owner of each individual property. It is important to ensure that all investigation and redevelopment reports do contain substantial evidence, not only so they hold up in court but as this process is a way of checking a municipality's power to ensure they do not abuse their condemnation powers and use them only in the public interest.

Workable Relocation Assistance Plan

In accordance with the New Jersey Relocation Assistance Law and Act, the City of Newark set up a Workable Relocation Assistance Plan (WRAP) for business displacements that are the result of the cities acquisition of property in the Blanchard Street redevelopment area. This area was designated by the City of Newark as "an area in need of redevelopment" in August 2011.

The redevelopment area comprises approximately 27.5 acres of industrial land on the Passaic River. Despite its proximity to major transportation routes, the redevelopment area has seen little capital investment over the last 20 years. Thus, after thorough investigation on the proposed redevelopment areas as detailed above, the area was designated as ANR, which lead to the cities acquisition of properties within the redevelopment area.

Under this plan, six businesses will be displaced, but there will be no residential displacements. The businesses to be displaced by redevelopment activities were generally trucking and related businesses. Based on interviews, the business owners have all expresses their intention to relocate their current operation, with the exception of one business. The City of Newark provided the business owners with a total of 38 listings of properties, which were located within four miles of the displacees' current location. These relocation services also included evaluation and processing of displacee benefits. The main objective of the WRAP is to ensure that the City makes every effort to assist the businesses in successfully relocating to a permanent replacement location, given the business owners want to keep running their businesses.

It is unclear on how successful this particular WRAP plan was executed. While providing these local businesses with alternate sites in the area is a good first step in the process, a relocation

[26] "Area in Need of Redevelopment Investigation for Select Properties along Blanchard Street," Phillips Preiss Grygiel for City of Newark Central Planning Board, 2010.

plan should go further in encouraging the native businesses to stick around. Fundamentally, the existence of the WRAP laws acknowledge the value in keeping local residents and business ties into the new communities which are being built. Obviously the execution of this concept is complicated, but every effort should be made to find suitable new homes, and places of business for existing residents and businesses within the context of the new development. This allows for the continuity of history in a place, as well as a sense of equitable social justice for those who are being displaced. In our recommendations outlined for the City of Newark below, we encourage truly "Workable" WRAP plans to exist alongside every redevelopment proposal. This also means there should be more than just a plan, but that both personnel and resources are identified and dedicated to ensuring its execution.

Recommendations

Redevelopment designations are an important tool available for municipalities. There will always be times, especially in distressed neighborhoods, when private actions are insufficient in creating healthy neighborhoods for people to live and work. It is at these times, the municipality must be able to step in to take action and try to improve detrimental and declining areas. Without these powers, the municipality is instead at the whim of market forces which do not always match up well with community needs. While *Gallenthin*, increased the standard for substantial evidence in order to designate areas in need of redevelopment, this should not be seen as an insurmountable barrier to redevelopment. Given, the findings of the recent court decisions just explained, courts should be willing to allow redevelopment moving forward provided sufficient evidence is presented that illustrates the development efforts are in the best interest of the public.

Given the current economic climate, as Newark recovers from the 2008 recession, redevelopment may be even more necessary to attract private funds. Additionally, redevelopment can be used to help provide a positive catalyst for change in areas of the city that were greatly affected by the recession. In a 2014 memo, Wan Cha writes about using redevelopment to underwrite mortgages on foreclosed or underwater homes both across the country and specifically in New Jersey. Assuming housing prices do not return to their pre-recession values, action could be taken to write down the principal in order to attempt to mitigate the foreclosure crisis. Many banks are already taking this step by selling off their underperforming loans to investors; however many mortgages have been fragmented and sold to a variety of entities. Where this is the case, each entity wants to collect on their piece of the loan and communication between the entities is poor making a coordinated write-downs unfeasible[27].

This potentially complicated situation, Wan argues, is also additional evidence that qualifies underwater mortgages as areas in need of redevelopment, under Criteria E, where lack of utilization is caused by a condition of the title or diverse ownership. Indeed, when properties are foreclosed, or multiple loans are resold on a property, the property does incur liens on the title, and ownership could be scattered among many entities.

[27] "The Urban Foreclosure Crisis, Eminent Domain and Blight Designations Under N.J. Stat. Ann 40A:12A-5: An Analytic Memo," Wan Cha, 2014.

To remedy this problem, municipalities are considering the legality of using eminent domain to seize these mortgages and underwrite the principal as part of a larger redevelopment strategy. The actual write-down of the mortgage would be considered how the area is redeveloped and thus would be included in the redevelopment plan. When examining these plans, the courts largely defer to the planners, and the burden of proof is on the challenger to show that the plan is unconstitutional. Therefore, when examining the legality of the issue at hand, the focus is on if foreclosed and underwater homes can be defined as blighted, which Wan ultimately argues could be designated under Criteria D and E[28].

According to Wan, in order to prove blight, the municipality should focus on showing that underwater mortgages, where the house is no longer worth as much as the owner borrowed, lead to foreclosures and that foreclosures in an area have caused buildings to become dilapidated or obsolete, meeting LRHL Criteria D. Given the substantial evidence standard, this would need to be supported by a thorough investigation. With the court's recent emphasis on larger need, it is also more likely, that this strategy would be upheld when looking at a specific geographic area with multiple underwater or foreclosed properties rather than on a case-by-case basis[29]. We would argue, that municipalities should only use this approach as part of larger redevelopment strategies. While it can be a successful approach to halt disinvestment in a community, when over-used or used as a standalone option it could be seen as an overreach of government power. For instance, some homeowners were reckless borrowers during the boom who created an insurmountable debt for themselves to service. If the municipality were to pick up the tab for these borrows, and put their underperforming assets on the balance sheet of the local government, one could certainly foresee discontent rising from residents who did not take out unnecessary mortgages during the boom, but are now left to pay off the debts of their neighbors who made unwise decisions. Nevertheless, we would recommend that Newark cautiously examine underwater mortgages, as one criteria that is examined in each neighborhood that is considered to potentially become an area in need of redevelopment, and ultimately to become part of its redevelopment efforts.

While the strategy of writing down mortgages could help in some areas of Newark, it is not appropriate for all areas. The city must ensure that its redevelopment strategies are tailored to the needs of the community. Thus far, Newark has done a successful job using redevelopment to revitalize its downtown core and riverfront. In 2008, the city adopted “The Living Downtown Plan,” a redevelopment plan for the downtown area. The primary goal of this plan was “to revitalize the downtown area and to transform it into a ‘24-hour district’ filled with mixed-use commercial, residential, retail, cultural and entertainment oriented development.[30]” Redevelopment was found to be necessary as market conditions, regulatory framework, and safety concerns have restrained any new development. This redevelopment plan can remedy the concerns about an unfriendly regulatory framework and hopefully draw more investment to the downtown. The resulting plan was a combined redevelopment and rehabilitation plan. The objectives were to eliminate variances for renovation and adaptive reuse; eliminate parking and

[28] Cha, “Urban Foreclosure Crisis.”
[29] Ibid.
[30] *Newark: The Living Downtown Plan*, Prepared by Skidmore, Owings & Merrill for the City of Newark, 2008.

yard setback requirements; streamline project review processes; provide land use regulations to promote street-level retail; and to enhance urban design quality in downtown. We largely support these recommendations for the city center. However, we also recommend that a thoughtful program to provide relocation assistance for displaced residents and businesses should be a key component to any revitalization plan.

The City of Newark also focused on urban design principles and land use regulations when looking at rehabilitation along its waterfront. The redevelopment plan replaced 50-year old zoning regulations largely focused on industrial uses with new regulations allowing for a mix of uses and increased public access to the river. This plan was created under the resolution designating all of Newark an area in need of rehabilitation. Additionally, specific parcels were identified as areas in need of redevelopment. The goals of this plan along with updating land use regulations were to amend zoning to support riverfront development, to connect existing neighborhoods to the waterfront, to provide design guidelines to protect view corridors and create setbacks to the river's edge and to ensure the inclusion of public access to the river.[31] The implementation of this plan has not only encouraged private investment along the riverfront but also increased public awareness of the river so it is now seen as an asset in the community. The Newark Riverfront Revival, as helped to build support for new riverfront activities by taking people on boat and walking tours and hosting events along the riverfront. Importantly, over 15 acres of riverfront parks have also been created.

Newark Waterfront Park. (Source: archpaper.com).

Workable Relocation Assistance Plans (WRAP) are already required alongside redevelopment proposals, by New Jersey State Law, as identified in section 4.1.2. However, we recommend that more effort be placed on the execution and evaluation of these relocation plans. The City of Newark should make mandatory, or at least give preference to, plans which include dedicated resources for the execution of the WRAP plan. In addition, successful projects, should be required to follow up with residents and business which were identified to qualify for the relocation assistance, in order to evaluate if the program was successful. In the future, developers can be evaluated by the city, in part by their ability to execute successful WRAP plans as part of their redevelopment proposals.

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[31] *Newark's River: Public Access & Redevelopment Plan*, prepared by Damon Rich et al. for City of Newark, 2008.

Moving forward, Newark should build on the success of these past redevelopment efforts and continue to use redevelopment to bring investment to specific areas throughout the city. While the entire municipality is designated as an area in need of rehabilitation, the city should focus on specific nodes within the city and concentrate redevelopment with the hope that these targeted investment programs will attract more private investment nearby, ultimately linking these nodes through transportation networks and leading to the revitalization of the city as a whole. In addition, special care and attention should be given to the WRAP process. A sensitive and thoughtful relocation plan can help retain some of the old neighborhood character, while improving living condition, and economic activity.

Specifically we propose to harness the current rehabilitation designation that is applied to the entire city. Redevelopment areas should only be designated in keystone nodes, as described previously, and only when the body of evidence clearly warrants their designation. We believe this recommendation is aligned with the review of the court's recent decisions, moving towards providing clear evidence of the public good, and only when the site is a necessary part of a larger, more holistic plan that benefits the entire community. One piece of this evidence, we believe, can be underwater mortgages. Foreclosures can be poisonous to a community, and while it should not be the sole source of evidence for taking, if the property meets other criteria for redevelopment, the foreclosure and/or underwater status of the mortgage should be considered. In with case of rehabilitation, or redevelopment, the relocation assistance plan should allow displaced residents and businesses to remain in the neighborhood. This practice, when done well, should simultaneously allow a neighborhood to retain some of its personality and character, meanwhile improving housing conditions and economic vitality in the area. Partially the decision to harness the current rehabilitation designations is to encourage the use of underutilized historic structures, of which there are many in Newark. These properties can be transformed into a higher and better use with less investment by the local municipality, and the current designation encourages these rehabilitations. This combination of efforts in rehabilitation and redevelopment around strategic nodes, all executed alongside Workable Relocation Assistance Plans are our ultimate recommendations for the city of Newark.

Community Development Framework

Community Development Corporations (CDCs) largely came about in the 1960s as a response to the Civil Rights Movement. As central cities suffered from violence and increased suburbanization, CDCs were seen as a "mechanism for bringing about restoration through self-help."[32] The number of CDCs continued to grow through the 1970s and 1980s as the federal government shifted its focus away from neighborhood problems. This shift led to a growing number of CDCs to pick up the slack, often becoming more formalized and less grass-root organizations.[33] Our dependence on CDCs has not diminished in recent decades. In fact, cities continue to rely on them as they can often draw on more creative funding sources and bring additional sources of private money to distressed areas. Additionally, CDCs tend to be located within neighborhoods thus having a direct connection to, and understanding of, local needs.

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[32] *Neighborhood Planning and Community-Based Development*, William Peterman (Thousand Oaks, CA: Sage Publications, 2000), 48.

[33] Peterman, *Neighborhood Planning,* 48.

Nationally, as of 2006, there were over 4,500 CDCs located across all 50 states. Given the sheer numbers of these organizations they are able to create major impacts. In 2010, CDCs had an average annual housing production of 96,000 units and an average annual commercial space production of 7.41 million square feet. Through these initiatives and more it was estimated that in 2006, CDCs were creating 75,000 jobs per year.[34]

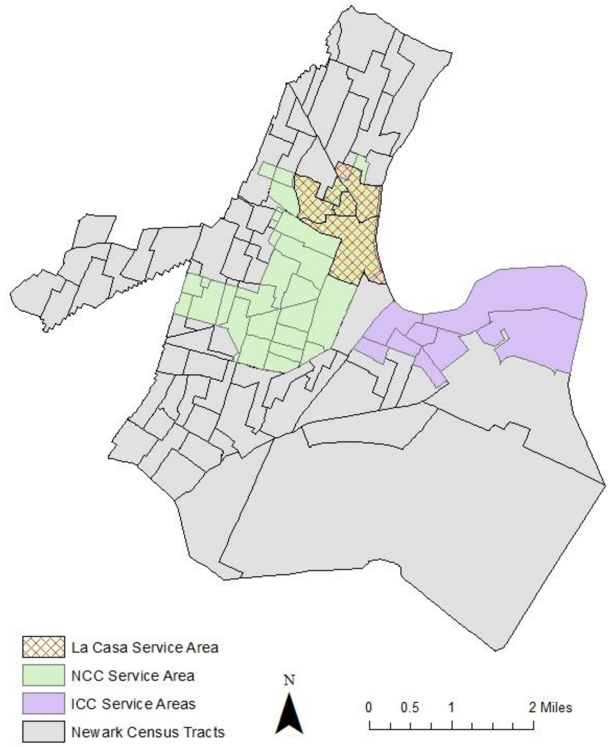
Throughout Newark, there are a variety of community based organizations working to provide for community needs. These organizations include CDCs, advocacy organizations, church affiliated organizations, neighborhood organizations, social service providers and more. The geographic location of these organization is depicted in MAP. As one can see, most of the community based organizations are located in the center of the city, expanding north along the riverfront and some to the west of the city as well. There are few to no organizations in the south as these areas are primarily non-residential. Compared to Figures 3.5, 3.7, and 3.15, community organizations in Newark are focused on largely densely-populated, low-income areas. The areas of somewhat higher income in the very north and south of the city, have much fewer of these organizations, presumably because they are less necessary.

These community based organizations all provide different services for the residents of Newark. Three CDCs are examined in depth below: the Ironbound Community Corporation, La Casa de Don Pedro, and the New Community Corporation. These CDCs provide social services and work to create community plans to advocate for community needs and ensure development projects and citywide initiatives will benefit their communities. Figure 5.1 illustrates the service areas of the three organizations.

[34] "Overview: Community Development Corporations," accessed October 28, 2014, http://community-wealth.org/strategies/panel/cdcs/index.html.

Ironbound
COMMUNITY
CORPORATION

FIGURE 5.1: Map of Community Development Corporations in Newark



Ironbound Community Corporation

Overview

Ironbound Community Corporation (ICC) was founded in 1969 to serve the Ironbound community in Newark. The Ironbound is a largely immigrant and working class neighborhood that makes up most of Newark's East ward, covering four square miles. The neighborhood, while residential, is interspersed with commercial and large industrial areas including the Newark Airport. The Ironbound also suffers from being one of New Jersey's most polluted areas, as it houses the state's largest garbage incinerators and a former Agent Orange factory. Nevertheless, ICC sees potential in the area and focuses on empowering residents to advocate for their needs.

Mission

ICC's mission is to "engage and empower individuals, families and groups in realizing their aspirations and, together, work to create a just, vibrant and sustainable community."[35] To achieve this, the organization offers social services such as childcare, parent education, healthcare access, lifeskill classes, adult education, and senior programming. Additionally, ICC focuses on community planning and development with an emphasis on environmental justice and community organizing.

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[35] "Our Mission and Values," accessed October 24, 2014, http://www.ironboundcc.org.

Implementation

In 2001, ICC led a master plan to guide development in the neighborhood which ultimately led to the development of an Open Space and Recreation Plan and in 2006, to a Waterfront Park Plan. Using its strong relationship with the community, ICC is able to express the community's needs during plan development and has worked with city planning to ensure the local plans are taken into account as the city moves forward with larger development strategies. Additionally, ICC works to give residents the information they need to make changes happen.

Two specific projects ICC has had success with are preservation and improvements of Riverbank Park and the development of the East Ferry Revitalization Plan. The Riverbank Park was designed by the Olmsted Brothers Firm during the City Beautiful Movement. It is one of two parks in the Ironbound Neighborhood, a relatively dense residential area. In 1996, residents learned, from a local newspaper, that the city was planning on using the park as the site of a new minor league baseball stadium. The residents, with the help of ICC, formed the non-profit SPARK (Save the Park at Riverbank) and fought the development of the stadium for seven years, and eventually won. However, during this time, Essex County closed the park citing environmental concerns. Thus, after winning the court case to restrict development, SPARK had to remediate the site before it could be opened to public use. It was finally re-opened in 2003 and added to the National Historic Register. SPARK now actively maintains and programs the park.[36] More recently, Riverbank Park has also become part of the city's comprehensive waterfront revitalization strategy and is actively used.

A second way ICC has worked to influence local redevelopment is with the East Ferry Revitalization Plan. The East Ferry neighborhood is located in the eastern section of the Ironbound and is traditionally underserved. It is isolated from the rest of the community by large industrial sites and superblocks. In 2010, the United States Environmental Protection Agency selected ICC as a recipient for the Brownfields Area-Wide Planning Pilot Program. This enabled ICC to create a plan for the area. ICC has a vision of turning this area into a green manufacturing district, linking greenspace and community uses. This project would center on meeting the following goals: creating jobs for local residents; providing environmentally safe and sustainable development options; enhancing greenspace and recreation; creating linkages between communities and new public spaces; and ensuring comprehensive revitalization driven by residents.[37]

To help make this vision a reality, ICC has already begun by partnering with the city and using the federal Neighborhood Stabilization Program to purchase vacant, foreclosed properties and rehabilitate them. Furthermore, ICC has completed infrastructure improvements, public murals and participatory art projects resulting in repaired sidewalks; new trash cans along major bus

[36] "SPARK," accessed October 24, 2014, http://www.riverbankpark.org.

[37] "Projects," accessed on October 24, 2014, http://www.eastferryrevitalization.wordpress.com.

routes; and beautified street medians.[38] Just these small improvements can pave the way for improved perceptions of the area and further growth and development.

La Casa de Don Pedro

Overview

La Casa is a 501c(3) working in Newark's north end. Historically, this neighborhood was home to many of Newark's elite and served as a port of entry for German, Irish, and Italian immigrants. These groups were followed by new generations of Puerto Rican immigrants in the 1950s and 1960s. Currently, the neighborhood still serves many new immigrants often coming from South and Central America as well as Africa. Similar to other urban neighborhood, this area suffered from white flight in the 1980s but fortunately, had dedicated residents willing to advocate for community needs.[39]

La Casa was founded in 1972 by new arrivals hoping to achieve self-sufficiency and empowerment. La Casa's mission is to, "foster self-sufficiency, empowerment, and neighborhood revitalization."[40] La Casa takes a holistic approach to community development. It serves the community by providing social services; has a strong community engagement approach driven by comprehensive community building and community planning; and has expanded to include affiliate organizations. One of these affiliates is the Don Pedro Development Corporation which provides services and acts as a holding company for real estate development work. This addition enables La Casa to not only influence local development but complete it as well.

Goals

While La Casa does provide a variety of valued social services, community planning is heavily emphasized and the organization leads the neighborhood-based planning process in the Lower Broadway neighborhood of Newark.[41] According to La Casa, "successful community planning involves defining the needs of the community, developing shared vision of the future, and constructing a strategy to achieve that vision." With that in mind, the Lower Broadway Neighborhood Plan was based on input from community meetings, stakeholder input, and analysis of community strengths and opportunities.

The initial Lower Broadway Neighborhood Plan was created in 1999, then in early 2003, La Casa initiated discussions related to revisiting the Lower Broadway Plan and the creation of a revised neighborhood plan for Lower Broadway. In recent years, changes within the City's administration as well as changes in the planning area, had brought about the need to revisit the plan. The resulting planning process provided a platform for area stakeholders to redefine their vision for the community. It was the goal that this discussion and planning process would not only lead to an improved plan; but would also justify several of La Casa's development projects;

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[38] Ibid.

[39] "Our Community," accessed on October 24, 2014, http://www.lacasanwk.org.

[40] "Strategic Plan 2013-2018," accessed on October 24, 2014, http://www.lacasanwk.org.

[41] Finn Stephen et al., *Resident at the Center: A Handbook on Community-Based Planning for Distressed Neighborhoods*, (New Brunswick, NJ: Rutgers University Press, 2006).

lend support for a proposed redevelopment area within the neighborhood; and enhance La Casa's ability to secure funding for implementation of these projects.[42]

The resulting neighborhood plan was based on a series of eight categories each with a main goal.

1. **Residential**: ensure high-quality accommodations for households in different phases of the life cycle and at all income levels.
2. **Commercial**: invigorate the Lower Broadway Commercial District by fostering conditions that would motivate established and new entrepreneurs to provide more diverse goods and services.
3. **Transportation**: create a vibrant, accessible, and safe network of transportation; a mode of circulation with strategically located nodes of commerce and transportation.
4. **Public safety**: create an environment for living, working, and playing that is safe and secure.
5. **Recreation facilities and open spaces**: preserve and enhance the value of Branch Brook Park as a regional and community open and recreational space.
6. **Physical infrastructure**: preserve and maximize the sophisticated urban infrastructure.
7. **Education**: have an educational structure that serves the unique needs and desires of the children and community.
8. **Social infrastructure**: create a social infrastructure that empowers residents to achieve an attractive and desirable community.[43]

Implementation

A Steering Committee was formed in February 2004 to coordinate plan implementation. The Steering Committee was made up of four subcommittees: the Community Policing Subcommittee, the Prevention, Intervention, and Treatment (PIT) Subcommittee, the Neighborhood Restoration Subcommittee, Law Enforcement. Membership for all subcommittees, except Law Enforcement, was open to the public and consisted primarily of residents but also a few institutional stakeholders.[44]

To fund implementation, La Casa applied to Wells Fargo and was awarded an implementation grant of $750,000. This funding was put towards staff costs, supplies, consulting fees, and outreach services. To supplement the Wells Fargo grant, La Casa also leveraged almost $15 million in additional funding including: $3.1 million for housing development, $4 million for open space and beautification, $7.2 million for commercial development, $180,000 for financial counseling, and $390,000 for planning and outreach. Some of this funding included private funding through the State of New Jersey's Neighborhood Revitalization Tax Credit Program with PSE&G and PNC Bank as partners.[45]

With this funding, La Casa has been able to achieve a wide variety of outcomes. La Casa has created an "Urban Design" guideline that promotes uniform development standards and

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[42] Stephen, *Resident at the Center*.
[43] Ibid.
[44] Ibid.
[45] Wells Fargo; Planning and Implementation Grant Graduates Report, Class of 2008

increases the efficiency of available housing units. Further affordable housing outcomes include the Martin Luther King Jr. Project which is transforming blighted properties into 11 new homes with 19 units of affordable housing. The Lower Broadway Stabilization Project is also creating six homes, 11 units of affordable housing throughout the neighborhood and La Casa has helped to rehabilitate 80-82 Stone Street containing 17 affordable one-bedroom units. Finally, La Casa implemented the Neighborhood Rehabilitation Program which provides up to $30,000 for the renovation of existing homes. With this funding over 15 homes have been renovated.

In terms of economic development, La Casa's commercial corridor work focuses on strengthening the business merchant community and advocating for infrastructure improvements. And also during the grant period, La Casa designed and launched a business assistance program and created a business assistance manual. In partnership with the Newark Urban Enterprise Zone, La Casa implemented a façade improvement program. In addition, La Casa successfully advocated for installation of parking meters and began construction of a new office and commercial facility on Lower Broadway.

La Casa's neighborhood building initiatives have led to improved safety and the creation of two small neighborhood parks. Both Ramon Rivera Community Garden and the Coretta Scott King Community Playground had been dumping grounds and sites of drug trafficking. Through a lease with the city La Casa was able to gain access to land and reclaim them as positive community spaces.

These positive outcomes are all a result of successful community planning. Having these plans based on community input, gives La Casa the necessary leverage to attract funding and prove the legitimacy of its projects. La Casa plays an important role in local development as it advocates for its residents and improves the neighborhood based on their needs and desires. In fact it is widely recognized as the "largest and primary link to the Hispanic Community in Newark and beyond."[46]

New Community Corporation

Overview

New Community Corporation was founded in 1968 by Monsignor William J. Linder. In the wake of the Newark riots, the urban center was in disrepair. A small dedicated group of individuals met at a local church, Queen of Angels, with no money or political ties, but grand aspirations. The initial goal of New Community Corporation (NCC) was creating housing for the poor that was aesthetically pleasing and safe.[47]

With an initial board comprised of nine individuals, including Father Linder, the new CDC embarked on its first project. NCC proposed developing a 45 acre tract encompassing fourteen

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[46] "Overview," accessed October 29, 2014, http://www.lacasanwk.org.

[47] "History," accessed October 29, 2014, http://www.newcommunity.org.

city blocks in the heart of the Central Ward. They started this task by simply purchasing two acres hoping to become a symbol of "a community that rebuilt itself physically and spiritually".

However, there were many obstacles blocking the achievement of this goal. As a result of a volatile political atmosphere NCC was experiencing push back not only from black nationalists, and their followers, but racist white conservatives whose aim was to block gains by African Americans. Determined to make a difference NCC struggled through the years to develop housing plans that would later be approved.[48]

Goals

The main goal was the development of safe respectable housing. As simple a goal as that may seem, in Newark after the riots, services were hard to come by. Supported by a mission that aimed "to help residents of inner cities improve the quality of their lives to reflect individuals' God-given dignity and personal achievement," a small organization evolved into an over forty year legacy of comprehensive development and support in a forgotten community.[49]

Implementation Framework

NCC continued to create a legacy of dependability in the city of Newark. The organization's first development project opened in 1975 which was followed by several other projects. The most notable project being the 1986 renovation of its current headquarters at St. Joseph Plaza, NCC's first economic development project. Following this, NCC initiated several other major projects including an extended care facility and transitional housing for homeless families. However, one of the most memorable additions accredited to NCC is the shopping center which included the much-needed Pathmark supermarket.

In the 1990s NCC expanded its services to the community. During this time the CDC began to focus on other issues plaguing their community. New Community Corporation expanded into health care, Hispanic development and immigration services, workforce development center, welfare-to work programs and a charter school.

NCC currently provides services to the community through seven different mediums:

1. **Education and Youth Services**: This section of NCC focuses on the "future" of Newark. Interacting with the youth through various ages, NCC really invests in the children. Under this branch there is Early Childhood Development Programs, Summer Camps, Youth Programs, Child Care Centers and charter schools. This sector links directly back to its inception: aiming to provide the urban core with services that had left post the riots.[50]
2. **Transitional Living and Family Services**: In an effort to combat homelessness, and strive towards their mission, NCC provides various supports to struggling families. Some of these services include advocacy, connections to resources, support groups, life skills workshops, and housing and programming that focuses on teenage mothers.
3. **Health Care and Behavioral Health** is an area that is often overlooked by many CDCs. However, NCC tackles this issue head on through housing options and incorporation of

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[48] "About," accessed October 29, 2014, http://www.newcommunity.org.
[49] "Mission and Vision," accessed October 29, 2014, http://www.newcommunity.org.
[50] "Services," accessed October 29, 2014, http://www.newcommunity.org.

various health care options to support not only the geriatric population but the entire community.

4. **Real Estate Development and Operations** uses a focus approach that deals with holistic development of the community. The major concern of NCC is to improve the quality of life for its communities.
5. **Workforce and Economic Development** is another focus of NCC. This commitment is a reflection of NCC's mission in developing strong individuals to add to a community. Through resource centers, trainings and workshops NCC ensures that individuals have access to all the tools needed for success.
6. **Adult Learning Center**: While this could be considered an element of the Workforce development, this service accommodates over 2,000 students per year. Through the provision of educational programs NCC assists many adults in completing vocational training that can assist in job acquirement.
7. **New Community Arts** is a program that is dedicated to sharing cultural and artistic enrichment events.

Through these various focus areas NCC has managed to significantly impact Newark. Currently after over forty years, NCC is one of the nation's most comprehensive providers of community based programs and services. Most recently NCC opened 50 units of low and moderate housing in the West Ward of Newark; in addition to that, NCC's $25 million development of Community Hills, assisted many in attaining the dream of homeownership.[51]

Conclusion

As illustrated by these case studies, CDCs rarely behave the same way. Rather, they tailor their work to meet the needs of their community. Given that these organizations provide varying services it can be hard to compare them and measure their success. Often the full impact of community organizations cannot be quantitatively measure and a cause and effect relationship is hard to prove. Nevertheless, we have found that the CDCs discussed above, have all been successful by empowering their residents, influencing large-scale development, and building social capital.

In his book, *Neighborhood Planning and Community-Based Development*, Peterman discusses the notion of empowerment. He first acknowledges that this term is often ambiguous, allowing members of all political parties to get behind it. As we use the term here, we will draw on Peterman's so-called progressive definition that equates "empowerment with the notion of community control."[52] Peterman states that this definition of empowerment is the result of successful community organizing and community action and can only occur when residents are not only given the power to make decisions but also the resources needed to implement them.[53] The community organizations in Newark, have definitely succeeded in providing their residents with this notion of empowerment. Both La Casa and ICC have included their citizens in neighborhood based planning efforts and taken these efforts to leverage resources and ultimately create large-scale development efforts. Furthermore, by providing additional social

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[51] "Accomplishments," accessed October 29, 2014, http://www.newcommunity.org.

[52] Peterman, *Neighborhood Planning,* 36.

[53] Peterman, *Neighborhood Planning,* 38.

services, these organizations give residents the tools they need to succeed on a smaller-scale level as well. Giving citizens the means to achieve their goal, according to Peterman, can be the measure of success. He states “empowerment, resulting from citizen participation that leads to citizen control and citizen power, however, has broader applications and can be viewed as the ultimate goal of citizen action in any kind of neighborhood.”[54] In the case of Newark, these broader applications could be the leveraging of funds and influencing of development; thus, assuming the community organizations have enabled this to happen, they can be deemed successful.

These organizations have also helped improve their communities by building social capital. Jeremy Nowak, President and CEO of the Reinvestment Fund, defines social capital as “relationship of trust and mutuality that can be mobilized to achieve instrumental ends.”[55] By developing spaces for community participation and bringing residents together over common issues, these community-based organizations not only empower residents but help combat isolation. For example, NCC’s workforce development center, helps bring adults together for training and job searching skills. Here, residents not only gain needed skills to help them succeed in the job market but can support one another as they try to achieve success. The increased social capital formed by this new togetherness, can help residents further advocate for what they want and attract investors. This adds value to the community, as the quality of human capital can be equally as important as real estate prices, taxing capacity, public amenities, and the value of retail services when measuring the success of a community.[56] Combining an increased human capital value with improved infrastructure can help bring new investors to a previously distressed area. This has already been proven by La Casa, who as stated above, was able to use its community planning initiative to leverage an additional $15 million.

Community development corporations (CDCs) rarely behave the same way. Rather, they tailor their work to meet the needs of their community. CDCs in Newark have successfully empowered their residents, influenced large-scale development, and built social capital.

Leveraging funding is vital for CDCs if they are going to continue to have success. One source CDCs should draw on is the Neighborhood Revitalization Tax Credit (NRTC). The NRTC is a state resource that offers businesses 100% tax credits against various state taxes if they invest in the revitalization of eligible neighborhoods. The program provides a total of $10 million tax credits per year with $1 million maximum available for each neighborhood. Funding received from this model can be used primarily for housing and economic development activity and complimentary activities as well, giving organizations some flexibility. The goal of NRTC is to encourage community based planning, provide resources to enable the implementation of neighborhood

[54] Ibid, 41.
[55] Jeremy Nowak, “Creativity and Neighborhood Development: Strategies for Neighborhood Investment,” (The Reinvestment Fund), December 2007, 6.
[56] Nowak, “Creativity and Neighborhood Development,” 7.

plans, attract private investment, and encourage partnerships between private corporations and CDCs. Since its establishment, NRTC investment has allowed recipients to serve over 3,200 youth, create 30 gardens, demolish 30 unsafe properties and help engage an estimated 3,000 people and 120 organizations directly in the planning process. Funds have also been used for community cleanups, public safety programs, façade and streetscape improvements and environmental restoration.[57] These efforts are all similar to what CDCs in Newark have been carrying out, thus it is evident they would benefit greatly from the receipt of this funding. ICC, did in fact, benefit from these funds and used them to revitalize the riverfront park.

As these CDCs work to influence large-scale development, this funding and the benefits it brings can also be valuable. At least six NRTC-funded neighborhood plans have been adopted as part of a city's official master plan and at least nine NRTC-funded neighborhood plans have been adopted as the redevelopment plan for a statutorily designated redevelopment area.[58] Without NRTC funding it is unclear if these plans could have been as well completed, allowing them to get developed as part of official strategies. The private influence brought about by NRTC can also benefit CDCS and their influence. NRTC allows private foundations to play a larger role in neighborhood revitalization, this can give CDCs more legitimacy if they are able to use a larger and established corporations backing to support their advocacy efforts. It has also been found that NRTC has helped develop and strengthen partnerships between CDCs, public entities, and foundations.[59] These benefits, along with the additional funding, could potentially allow the CDCs in Newark to expand their efforts and influence throughout the city.

As these CDCs, and others, work to continue to expand; however, care must be taken so as to not expand too quickly or outside their mission. Additionally, CDCs must continue to balance short-term, visible projects with long-term visioning. In order to generate momentum, interest, and increased visibility within the community, short-term projects such as block clean-ups, public art initiatives, or other beautification efforts are necessary but these cannot take away from long-term activities, which while not as immediately visible, are equally as important.[60]

Furthermore, CDCs cannot view their community in isolation. It must be understood that there will always be regional factors at plan and even within the community there will be competing interests. It is important that a CDC is able to remain flexible to work to negotiate between differing parties and protect the interest of the community. This will best occur if long-term visioning and strategic plans have been made, laying out the framework for this decision making. Fortunately for Newark, thus far, the CDCs discussed have placed an emphasis on forward thinking and community planning.

Business Improvement District

[57] Kristin Crandall, principal author, "Transforming New Jersey Communities through Planning, Investment and Community Engagement," (Housing and Community Development Network of New Jersey and New Jersey Community Capital), December 2012.
[58] Crandall, "Transforming New Jersey Communities," 2012.
[59] Ibid.
[60] Stephen, *Resident at the Center*.

Overview

Business Improvement Districts (BID), also referred to as Special Improvement Districts (SID), have emerged as a widely implemented solution to the challenges faced by many urban business districts. These districts historically suffer from disinvestment and face competition from suburban shopping centers.

A BID is an organizational, management, and financing tool used by local businesses to provide specialized services that complement municipal government services. A BID is first created under state law and then enacted by a municipal ordinance. The law permits property owners and businesses to organize and undergo property assessments in order to pay for needed services.[61]

Special Improvement Districts (SIDs) were introduced in New Jersey landscape in 1984 following passage of state enabling legislation, the Pedestrian Mall and Special Improvement District Act, N.J.S.A. 40:56-65.[62] The District Plan and a non-profit District Management Association (DMA), or a municipal commission, are responsible for governing the operations of the SID. The DMA is responsible for all decisions relating to assessments, budgets, and management of specialized services.[63]

The first six BIDs in New Jersey were established from 1985 to 1988 in Cranford, Trenton, Elizabeth, Englewood, Somerville, and New Brunswick. Today, BIDs exist not only in urban areas but in less populated municipalities as well.[64] In 2010, New Jersey, with around 77 BIDs, had the fourth greatest number among the 50 states. In the country as a whole there were around 1,000 BIDs.

The City of Newark New Jersey contains two major BIDs, the Ironbound Business Improvement District and the Newark Downtown District.

The Newark BIDs extract a tax levied on businesses within the districts in order to improve the the Ironbound District and downtown Newark as places to do business and to attract customers. Both districts exhibit both similarities to and differences from typical BIDs as they are implemented throughout the state of New Jersey and throughout the country. The following sections provides an overview of the two Newark BIDs, including their legal structure, tax policy, and services provided. The overview also assesses how they compare to the typical BID.

The Ironbound Business Improvement District

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61 "Strategic Framework for Commercial Revitalization," Rutgers University, accessed October 31, 2014, http://policy.rutgers.edu/cupr/community/organizations/projcomm/wsp/revite6.html.

62 "Improvement District Programs," NJ Department of Community Affairs, accessed October 29, 2014, http://www.nj.gov/dca/divisions/dhcr/offices/idp.html.

63 "Strategic Framework for Commercial Revitalization," Rutgers University.

64 Ibid.

The Ironbound Business Improvement District (IBID) was created in December 2000 as a non-profit organization by local ordinance in the Ferry Street area of the Ironbound District of Newark, NJ. The IBID has the goals of improving "business and community development services, rebuilding infrastructure, and marketing the Ironbound as a reliable and exciting area."[65]

The IBID website promotes the district as follows: "Home to over 570 businesses and more than 170 restaurants, the Ironbound Business Improvement District (IBID) is Newark's shining star, promoting interest in the City as a great place to visit in addition to fostering economic growth and employment opportunities."[66]

The IBID encompasses the Ferry Street corridor area, which extends east from Newark Penn Station through the Ironbound District. The IBID is set to expand to include Wilson Avenue, which forks off of Ferry Street and runs in a southeast direction towards Lincoln Highway.

Although the Ironbound District faces developmental challenges, the area escaped the worst of the impact of disinvestment in Newark during the mid-20th century. The formerly industrial neighborhood is today a vibrant area of Newark, home to a diverse population of African Americans, Portuguese, Brazilians, Mexicans, and Ecuadorians. The district is known for its Portuguese, Spanish, and Brazilian restaurants and boasts numerous parks and historic industrial facilities and churches.[67]

IBID partners with a vast array of local government offices and agencies, companies, and community development groups, including the Mayor, Municipal Council and the Administration; the Ironbound Community Corporation; Brick City Development Corporation; Small Business Development Center; Regional Business Association; Newark Alliance; the New Jersey Nets, New York Liberty, and New York Red Bulls sporting teams; Prudential Center; New Jersey Performing Arts Center; Newark Museum; Newark Downtown Corp.; the New Jersey Historic Society; the Portuguese-American Chamber of Commerce; the Urban Enterprise Zone Authority; the

65 "Annual Report of the Ironbound Business Improvement District, 2013," accessed October 15, 2014, http://www.goironbound.com/EXECDIRECTORANNUALRPORT2013.pdf.

66 "The Ironbound Business Improvement District, accessed October 15, 2014, http://www.goironbound.com/ibidsite/index.php?option=com_content&view=category&id=39&Itemid=50.

67 "The Ironbound Business Improvement District: Ironbound History," accessed October 15, 2014, http://www.goironbound.com/ibidsite/index.php?option=com_content&view=article&id=114:ironbound-history&catid=39&Itemid=50.

Meadowlands Commission; Covanta; Rutgers University; New Jersey Department of Tourism; Newark Arts Council; *The Star Ledger*; the Gateway Hilton; local financial institutions; and others.

The Newark Downtown District

The Newark Downtown District (NDD) is the Special Improvement District of the central business area in downtown Newark, NJ. It is a 501 (c) (3) non-profit organization, managed by the Newark Downtown District Management Corp (NDDMC) and dedicated to revitalizing downtown Newark by improving the economic viability of the central business district. The Downtown Newark Special Improvement District was created by the Newark Municipal Council in September 1998. The mission of NDD is to "revitalize downtown Newark by improving the economic viability of the central business district".[68]

The NDD's boundaries extend from Central Avenue and Broad Street at the north, heading south down to Branford/Edison at Broad Street; University Avenue to the west (running between Central and Branford) and moving east just behind Penn Station. The BID is located adjacent to and to the west of the Ironbound District.

Downtown Newark is home to many important business, government, and educational facilities. A Rutgers University campus and the New Jersey Performing Arts Center are located within the NDD. Much of the cities retail and commercial development is centered on Broad Street, which runs through the center of the NDD.

State and National Comparison

The IBID and NDD largely conform to the characteristics of typical BIDs in the State of New Jersey and nationally in 2010 as described by the *Business Improvements Districts: USA Census and Survey-New Jersey Focus*,[69] and by the *Business Improvements Districts: Census and National Survey*.[70] However, the IBID budget and board are larger and set of activities broader than those of typical BIDs. The following presents the major findings of the surveys compared with the characteristics of the IBID and NDD, based on the BIDs' budgets, website, newsletters, and promotional materials.

Budget and Funding

Budgets for BIDs in New Jersey range widely from under $30,000 in Maplewood to the largest reported budget of $4,700,000 in Atlantic City. The median budget for New Jersey is $300,000. Nationally, budgets ranged from $11,000 and $17,957,868. The median budget was $342,000.[71]

IBID's 2015 budget, estimated at $835,000, greatly exceeded both the New Jersey and national median. NDD does not publish its annual budget.

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[68] "About the NDD," accessed November 3, 2014, http://www.downtownnewark.com/Portal/AboutUs.

[69] Seth A. Grossman, *Business Improvements Districts: USA Census and Survey- New Jersey Focus*. (Newark, NJ: Rutgers University School of Public Affairs and Administration, 2011).

[70] Carol Jean Beker, Seth A. Grossman, and Brenda Dos Santos, *Business Improvements Districts: Census and National Survey*. (Washington, D.C.: International Downtown Association, 2011).

[71] It should be noted that most of the national and New Jersey BID figures given in the BID Censuses is based on only the portion of BIDs that responded to a given question.

BID funding comes from several sources, although an assessment on business properties in the BID is the most common source of funding in New Jersey and nationally. All New Jersey BID respondents and almost all national BID respondents reported raising revenue from a special assessment of business properties within the district. In New Jersey, almost half of responding BIDs obtain funding through contracts, 36% through sponsorships and 31% through other, unidentified sources. A very small portion receive funding from city general revenues.

Administrative funding for both the IBID and NDD is created through an annual assessment on business properties in the district, collected by the City's tax collection department, but transferred and managed by the BIDs.

All of the IBID 2015 operating and program budget is funded through the special assessment. However, the IBID and NDD also raise funding from other sources for special projects. A major example is a streetscaping project being carried out by IBID and NDD in partnership with the City of Newark. The $17.5 million project cost is being financed largely through a $10 million bond issue from the New Jersey Economic Development Authority (NJEDA). The debt service on the bonds will be paid for by the NDD. The remainder of the funds is being supplied through a combination of cash and in-kind commitments from Public Service Electric and Gas (PSE&G), the Newark Urban Enterprise Zone (UEZ), the NDD, and the City of Newark. In addition to the $10 million bond, the City of Newark contributed $4 million and the Newark Urban Enterprise Zone $3.5 million. The project is the largest ever to be directed and paid for by a Business Improvement District (BID) in New Jersey and the fourth largest such project nationally.[72] In the Ironbound District, the project will restore and reconstruct the Lafayette Street Tunnel which is a gateway to the Ironbound District.

The most prevalent method of assessing property values in New Jersey is assessed value for real estate taxes. This method is used by 84% of BIDs. 16% of BIDs base the assessment on linear front footage. Nationally, methods of assessment are more varied. 55.9% of respondents based the tax on assessed value for real estate taxes, while smaller percentages based their assessments on sales tax, square foot basis, and linear front footage. 25.7% used another method.

The IBID and NDD use the property tax assessment as the basis for the BID tax. In the Ironbound District, taxed properties include all zoned commercial, industrial, parking, vacant land, and apartments containing four units or more located within the district. The NDD assessment is roughly five percent of the commercial tax bill and applies to around 600 commercial properties. Residential properties are exempt.[73]

Services Provided by NJ BIDs

BIDs in New Jersey provide a wide range of services both with staff and more commonly through contractors. In the area of maintenance, landscaping and litter and graffiti removal are the most

[72] "Newark Downtown District Completes Streetscape Improvements to Coincide with Prudential Center Opening in Downtown Newark," Newark Downtown District, Press Release, accessed October 31, 2014, http://rbp.wliinc3.com/pdf/Streetscape.pdf.

[73] "Mayor Cory A. Booker, Police Director Samuel A. Demaio, and Police Chief Sheilah A. Coley Cut Ribbon to Open New Police Community Resource Center," Newark Downtown District, Press Release, 2013.

common. Snow shoveling is the least common. BIDs follow similar provision of services at the national level. Statewide and nationally BIDs also commonly provide security services, most commonly in the form of a uniformed ambassador. Likewise, both NDD and IBID provide uniformed ambassadors, and the IBID maintains a “mini-police station” in the district.

In 2013, the Police Community Resource Center and Sub-station was opened in downtown Newark. The facility is intended to enhance law enforcement in the NDD area and enable residents to more easily connect with the police municipal agencies. The facility was funded by Urban Enterprise Zone funding and a $100,000 grant from the City to the NDD. The center is staffed with 12 minimum of 12 police officers, 16 hours a day.[74]

Although most BIDs in New Jersey do not provide transportation services, some are affiliated with transportation management organizations. Parking system management and transit shelter management are the most commonly provided transportation services, but few BIDs provide them.

The streetscaping project being carried out by IBID and NDD with NJ Transit, Amtrak, and the City of Newark is a major exception. The BIDs are also provide other transportation In December 2013, NDD began providing free two hours of free parking for shoppers who shop on Halsey Street.[75]

The most commonly provided services in New Jersey are in the areas of marketing and hospitality, including street guides or ambassadors, tourism kiosks, maps and are information, marketing and advertising campaigns, festivals, farmers markets, art events, historic tours, and holiday decorations.

Likewise, IBID provides a full range of services, especially in the area of marketing and hospitality. IBID provides co-operative advertising that is intended to be more effective than individual advertising and promotes the BID as a whole, including with billboards. The 2015 budget allocates $30,000 dollars to advertising activities including publication of the magazine "NewarkBound: The Ironbound & Beyond". The magazine is a marketing effort to promote the Ironbound as the City of Newark's premier cultural, entertainment and dining destination. The magazine examines and promotes the value added capacity of the Ironbound to the Newark area.

NDD provides extensive promotion of district businesses on the NDD website along with news updates of events held at local businesses, and IBID organizes festivals, including a Halloween event, and a Christmas tree lighting ceremony. NDD holds similar events including a weekly farmers market.

About a third of BIDs in New Jersey reported being responsible for urban façade enforcement and about a quarter reported being responsible for code compliance. The IBID provides outdoor maintenance and quality of life services including code enforcement, safety coordination, sidewalk and trashcan cleaning, graffiti removal, trash removal, plant watering, illegal poster removal, and other beautification and façade improvements.

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74 Ibid.

75 “Free Parking on Halsey,” accessed November 3, 2014,http://www.downtownnewark.com/Portal/Blog.

Business recruiting and retention is one of the activities that most BIDs undertake. Business recruitment and retention is listed in the 2013 Annual Report as one of main IBID service areas.

Statewide and nationally, few BIDs are involved with social service programs. By contrast, both IBID and NDD undertake social service programs and often work closely with local community development organizations. For example, in 2013 the IBID hosted an electronic waste recycling campaign in partnership with electronic waste recycling companies and the City of Newark.[76]

NDD is currently running a mobile art program, in which community members can pay $1,500 to $1,700 a month to host an art exhibit displaying red bear statues. Proceeds are donated to environmental missions.[77]

BIDs as a Vehicle for Capital Improvements

Relatively few BIDs are used to fund long-term capital improvements in downtowns and commercial areas. The current streetscaping project being carried out by IBID and NDD is a major exception. The IBID intends the project to "transform the Ferry Street corridor into a first-class shopping, entertainment and restaurant destination."

BID Authority, Policy-setting Ability

BIDs have substantial leeway to set their own policy direction. In New Jersey, most BIDs reported that government never stepped in and set a different funding level from the one approved by the BID board. However, the majority of BIDs in New Jersey and nationally have limited funding and contractual agreement, meaning that the BID must periodically re-petition the government in order to continue operating. Of the New Jersey BIDS that responded with a requirement for periodic renewal that extended more than one year, almost half responded that their renewal period was five years.

Likewise, the Newark BIDs have wide discretion in pursuing their mission. According to the IBID bylaws, "the IBID shall have the powers and comply with all requirements as set forth in the Act and in the Ironbound Special Improvement District Ordinance." These powers are articulated in very broad terms:[78]

- "Serve the special improvement district, the business community and the town government to formulate, promote and implement the *economic revitalization and general welfare* of the special improvement district and the City of Newark" [emphasis added]
- *"Promote and preserve the cultural, historic, tourist and civic interests* of the special improvement district and the City of Newark" [emphasis added]
- "Mobilize available public and private resources for the purposes set forth herein

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[76] Grossman, "Annual Report of the Ironbound Business Improvement District."

[77] "Red Bears," accessed November 3, 2014, http://www.downtownnewark.com/Portal/RedBears.

[78] "By Laws of Ironbound Business Improvement District Management Corporation," revised September 12, 2013, http://www.goironbound.com/ibidsite/index.php?option=com_content&view=article&id=199:by-laws-of-ironbound-business-improvement-districtmanagement-corporation-inc&catid=39&Itemid=50.

- Provide a mechanism by which service firms, retail establishments, property owners, employers, citizens, and others can cooperate to promote business opportunities, employment, consumer choices, shopper's facilities, and the general civil interest"

- "Form affiliated corporations, non-profit or for profit, to help carry out its purposes;" and

- *"To do any other act incidental to or connected with the foregoing purposes or any advancement thereof, either directly or indirectly*, either alone or in conjunction or cooperation with others; *to do any and all lawful acts and things and to engage in any and all lawful activities which may be necessary, useful, suitable, desirable or proper for the furtherance, accomplishment, fostering, or attainment of any or all of the purposes* for which the Corporation is organized; and to aid or assist other organizations whose activities are such as to further accomplish, foster, or attain any of such purposes." [emphasis added]

However, the IBID is restricted from any political activity including influencing legislation of intervening or campaigning in any political campaign.

BID Boards

In New Jersey, the smallest BID board size is in Haddon Township, NJ, with a board size of three, whereas the largest being 26 in the Ironbound BID. The median size is 11. Nationally, the smallest BID board size reported was three, with the largest being 70 and the median size is 13. In New Jersey, direct elections is the method the largest percentage of BIDs use to select board members, although there are many other ways used to select BID governing boards. In New Jersey and nationally, the majority of BID boards have seats reserved for individuals representing specific groups.

Newark BIDs Boards do not differ greatly from the national and state norm. IBID has 19 members on its board and 23 board directors, while there are only 13 members of the NDD Board of Trustees listed on the NDD website.[79] There are diverse special interests represented on both boards, including local property owners, state agency representatives, representatives of non-profit art, culture, and educational institutions, and real estate property firm managers.

The NDD also maintains Committees that provide more focused work in several areas and then make recommendations to the Board. These committees include the NDD Capital Committee, NDD Contracts Committee, NDD Marketing Committee, NDD Nominating/Compliance Committee, NDD Security Task Force Committee, NDD Strategic Planning Committee.[80]

Both boards also include elected officials. 100% of New Jersey as compared to 25% of BIDs nationally said that they had elected officials on their boards. The most elected officials most commonly found on New Jersey BID boards are mayors, council members, and county commissioners. The current IBID board includes the Mayor of Newark and the East Ward Councilman, while the NDD Board of Trustees includes the City of Newark Council President.

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[79] "NDD Trustees," accessed November 13, 2014, http://www.downtownnewark.com/Portal/NDDTrustees.

[80] "Committees," accessed November 13, 2014, http://www.downtownnewark.com/Portal/Committees.

In New Jersey, the median length of board member terms is three years. Nationally almost half of BIDs reported three year terms and a quarter reported three year terms. According to the IBID bylaws, board directors are divided into three groups that are elected every three years in staggered elections.

Performance Reporting

BIDs produce multiple publications that document their performance and impact. All or almost all BIDs in New Jersey produce reports submitted to a governmental organization, and annual budget and financial statement, and annual performance information. A large majority publish or make available the pay levels of employees. Many use business and visitor surveys as well as focus groups and data from governments and private organizations to measure performance.

The IBID produces extensive reporting on its activities including the online publication of an annual report, an annual budget, and seasonal newsletters. The IBID is also required by its bylaws to produce an annual fiscal report submitted to the Mayor and Clerk of the City of Newark, although this report is not made available on the IBID website.[81] The IBID Annual Report includes metrics in the IBID's various service areas, such as amount of garbage remove or number of coded enforcement actions undertaken. Like many BIDs in New Jersey, the IBID also produces evaluation data based on visitor surveys. The surveys include information on the number of visitors, their length of stay in local hotels, dollars spent, business involvement, and other metrics.[82]

The information made publicly available by NDD is much more limited. The NDD website does not provide an annual report, an annual budget, or fiscal report.

Proposed Redevelopment Project

Newark has recently been experiencing a development boom. Starting in the last five years Newark has begun to experience its largest economic growth since the 1950s.[83] In September 2013, the Panasonic tower opened, which is the first new office tower in Newark in 20 years. Following that, Teachers Village, a $150 million complex, opened its first two buildings. Still to come are both the development of a Whole Foods supermarket and new residential towers. Much of this growth is thought to be driven by increased demand for urban living and amenities nationwide, and by economic incentives from all levels of government.[84]

Market Analysis

The development proposed by this study consists of adaptive reuse of two historic buildings on Market Street in downtown Newark. These target properties, shown in Figure 7.1, are located at 111 Market Street and 116 Market Street.

[81] "By Laws of Ironbound Business Improvement District Management Corporation."
[82] Grossman, "Annual Report of the Ironbound Business Improvement District, 2013."
[83] http://therealdeal.com/issues_articles/newark-the-end-of-the-neglect/
[84] http://therealdeal.com/issues_articles/newark-the-end-of-the-neglect/

FIGURE 7.1: Location of Target Properties in Downtown Newark

The first project, 111 Market, is envisioned as a "creative cooperative," consisting of retail, gallery space, amenity space, live-work artist units, apartments, and parking. The second building, 116 Market, will be developed as a "scholar's village" following the successful development of nearby teacher's village. The scholar's village project will consist of retail, apartments, and a library.

The following market summary acts as a basis for the proposed use.

Residential Market

As Newark's image begins to change and demand for urban living increases, more residents are being drawn towards downtown Newark. Under Cory Booker, the "Living Downtown Plan" was created to encourage this pattern and aim to activate Newark twenty-four hours a day, seven days a week.

Three recent residential developments are Rockplaza Lofts, Richardson Lofts, and Eleven80. These projects were conversions of historic buildings into mixed-use development with upper-level residential lofts and ground-floor retail. These developments all consist of relatively high-end living options with mixed amenities and rents ranging from $1,000 to $3,000 a month.

Rockplaza Lofts

Fidelco Realty Group and the Hanini Group are currently redeveloping a series of seven buildings in the area bounded by Market, Mulberry, Edison and approaching Broad Street. In all, this development will consist of an estimated 35,000 square feet of retail with over 80 residential units. Thus far, three buildings are completed and advertised: The Madison (316 Market St), The Columbian (224 Market St), and The Bowers (191 Market St).

Of these three buildings, The Madison is the largest with 6 stories and 48 residential units. The other two are at slightly smaller scales with The Columbian offering 22 lots and 5,000 square feet of ground floor and lower level retail and The Bowers with 8 lofts and 3,500 square feet of retail. Much of the retail spaces currently contain restaurants including the first Chipotle in Newark and Dinosaur Bar-B-Que, which signed a 15 year lease for its space in The Columbian.[85]

FIGURE 7.2: Property Values for Selected Buildings of the Rockplaza Lofts Complex

Building	City Value	Building assessment	Land assessment	Taxes	Year of last sale	Price of sale
Madison	$1,890,508	$500,000	$1,264,600	$96,884	2008	$975,000
Columbian	$2,008,785	$400,000	$1,875,000	$55,369	2008	$2,900,000
Bowers	$1,510,928	$780,900	$1,410,300	$21,076	2007	$1,450,000

Source: PropertyPilot

Richardson Lofts

These lofts, opened in 2012, were developed with the conversion of an old jewelry factory into an eight story residential building. Through this conversion, the developers aimed to preserve the industrial character of the structure by retaining a steel spiral staircase, and creating units with open floor plans and lofted ceilings. The converted building houses 67 residential units ranging from one to three bedrooms, or duplexes with penthouse apartments available. The two bedroom units range from 898 to 976 square feet with an approximate rent of $1,600 to $1,800 a month.

FIGURE 7.3: Property Values for Richardson Lofts

City Value	$2,635,526
Assessment total	$2,460,000
Taxes	$72,644
Year of Last Sale	2007
Price of Sale	$3,900,000

Source: PropertyPilot

Eleven80

Opened in 2006, Eleven80 was the first luxury housing built in downtown Newark in over 45 years. The 35-story Art Deco building that houses the apartments was built in the 1930s, but fell into disrepair in the 1980s. It ultimately sat empty for 20 years. Cogswell Realty Group acquired the building in the 1990s and using a combination of public and private financing, including

[85] http://therealdeal.com/blog/2014/05/29/rockplaza-opens-as-newark-sees-biggest-boom-since-1950s/

federal historic tax credits, was able to restore the building and create a 317 unit residential complex.[86]

This building has been a successful residential development because its location near transit, high-end amenities, and the lower cost of living in Newark compared to New York. The building contains studios, one and two bedroom apartments with rents ranging from approximately $1,500 to $3,200 a month. Residents of the building also have access to amenities such as a bowling alley, fitness center, game room, basketball court, and billiards lounge, all within the building. Additionally, a free shuttle provides rides to popular destinations.[87]

Incentives to Live Downtown

As downtowns across the country work to capitalize on the increased demand for urban living and reinvent themselves, various incentive programs have been developed to encourage downtown workers to live in the area as well. It is recommended that Newark pursue this strategy as well. Two cities currently providing incentives for downtown living are Cleveland, OH and Detroit, MI. Both of these cities have dealt with failing industries and a large exodus of the population. By encouraging young people to move downtown, they hope to change the perception of the area and reactivate the city center.

Case Study: Cleveland, OH

In Cleveland there are incentives for both downtown living and homeownership. Greater Circle Living, a collaboration of non-profits and philanthropies, provides incentives for employees of the Greater University Circle area institutions to live in the neighborhoods near where they work. Complimenting this initiative, the City of Cleveland provides tax abatements for single and two-family residential new construction and rehabilitation.

Greater Circle Living aims to improve access to affordable housing while reducing commute times and costs and increasing awareness of housing opportunities in the area. The program consists of financial assistance, home buyer training, help with the application process, education on housing options, and assistance with budgeting and finance management. The first option for financial assistance is a home purchase program available to employees of Cleveland Clinic, University Hospitals, Case Western Reserve University, and the Cleveland Museum of Art. This program offers a $20,000 forgivable loan (or $30,000 for households with an annual income of $150,000 or less) that can be used as for a down payment or closing costs. The loan will be forgiven after five years, assuming employees have maintained their current state of employment, and continue to live in the residence. This program is open to employees of Judson at University Circle with a reduced loan of $15,000 and to working households with employees of Greater University Circle nonprofit institutions in the amount of $10,000. Other available options include an existing homeowner exterior home repair program that provides up to $8,000 in matching funds for approved exterior renovations and a rental program that provides one month's rent (up to $1,400) for employees who sign a one-year lease to live in a pre-approved area rental unit.[88]

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[86] http://www.njfuture.org/smart-growth-101/stories/2008-award/eleven-80/
[87] http://www.eleven80rentals.com/
[88] http://fairfaxrenaissance.org/gcl/index.html

In partnership with the Greater Living Circle, the City of Cleveland provides tax abatements to ensure neighborhood vitality and affordable housing options. The tax abatements eliminate any increased real estate taxes for potential and existing homeowners and developers. These incentives are available for single or two family units and new construction receive a tax abatement of 100% for fifteen years while rehab units receive 100% tax abatements for 10 years, in each case with the owners still liable for any increase in the value of land. Over time, these savings can add up, saving owners between $2,000 and $800 a year.[89]

FIGURE 7.4: Abatements and Savings in Cleveland

Home Price	Average Annual Tax w/o Abatement	Average Annual Tax with Abatement	Average Annual Savings
$150,000	$2,970	$594	$2,376 ($198/month)
$300,000	$5,940	$1,188	$4,752 ($386/month)
$500,000	$9,900	$1,980	$7,920 ($660/month)

Source: http://livecleveland.org/node/18

Case Study: Detroit, MI

Similar to Cleveland, Detroit has two programs aimed at encouraging young professionals to live downtown. The first program, Live Midtown, began in 2011 as a partnership between the Detroit Medical Center, Henry Ford Health System, and Wayne State University. The program offers incentives for employees from the participating organizations if they are buying or renting in the midtown area. Through this program new homeowners can receive up to a $20,000 forgivable loan towards the purchase of their residence; new renters may receive $2,500 annual allowance toward the cost of an apartment, followed by $1,000 the second year; existing renters may receive a $1,000 allowance of funding for renewing a lease; and existing homeowners can receive matching funds of up to $5,000 for exterior improvements.[90]

Seeing the success of this program the initial $5 million was matched by Hudson Webber Foundation, Michigan Housing Development Authority and the Kresge Foundation. Furthermore, replicating the incentives of Live Midtown, Live Downtown was created offering these incentives to employees of Blue Cross Blue Shield, Compuware, DTE Energy, Marketing Associates, Quicken Loans, and Strategic Staffing Solutions. This program offers incentives for any of these employees looking to live in Downtown, Corktown, Lafayette Park, Eastern Market, or Woodbridge, all central neighborhoods.[91]

As of August 2014, 1,000 people have used the incentives offered through these programs to move into the city and an additional 1,000 residents have taken advantage of these incentives to renew their leases. The Midtown program is also beginning to expand as the Midtown neighborhood is at 97% residential occupancy rate and there is still high demand.

[89] http://livecleveland.org/node/18
[90] http://www.livemidtown.org/
[91] http://www.detroitlivedowntown.org/

Alternative Living: Artist Units

In addition, to offering financial incentives to draw people downtown another option to attract residents is through the development of artist units. The proposed Creative Confluence project proposes this use, based on successful precedents elsewhere.

Boston is one example of a city with a successful program creating live/work spaces for artists. The program ArtistSpace Boston, works with the Mayor's Office of Arts and Culture and the Department of Neighborhood Development to create and retail spaces for artists in the city. Boston is interested in such a program, for it is believed that artists help make a more livable city by transforming sometimes vacant areas and generating a more positive street life. This program puts an emphasis on projects that are located in buffer zones that do not support traditional residential uses, such as areas located between industrial and residential neighborhoods.[92]

It is assumed that by creating affordably priced live/work artist units in downtown Newark, the city would experience the same positive impacts and encourage more people to move downtown.

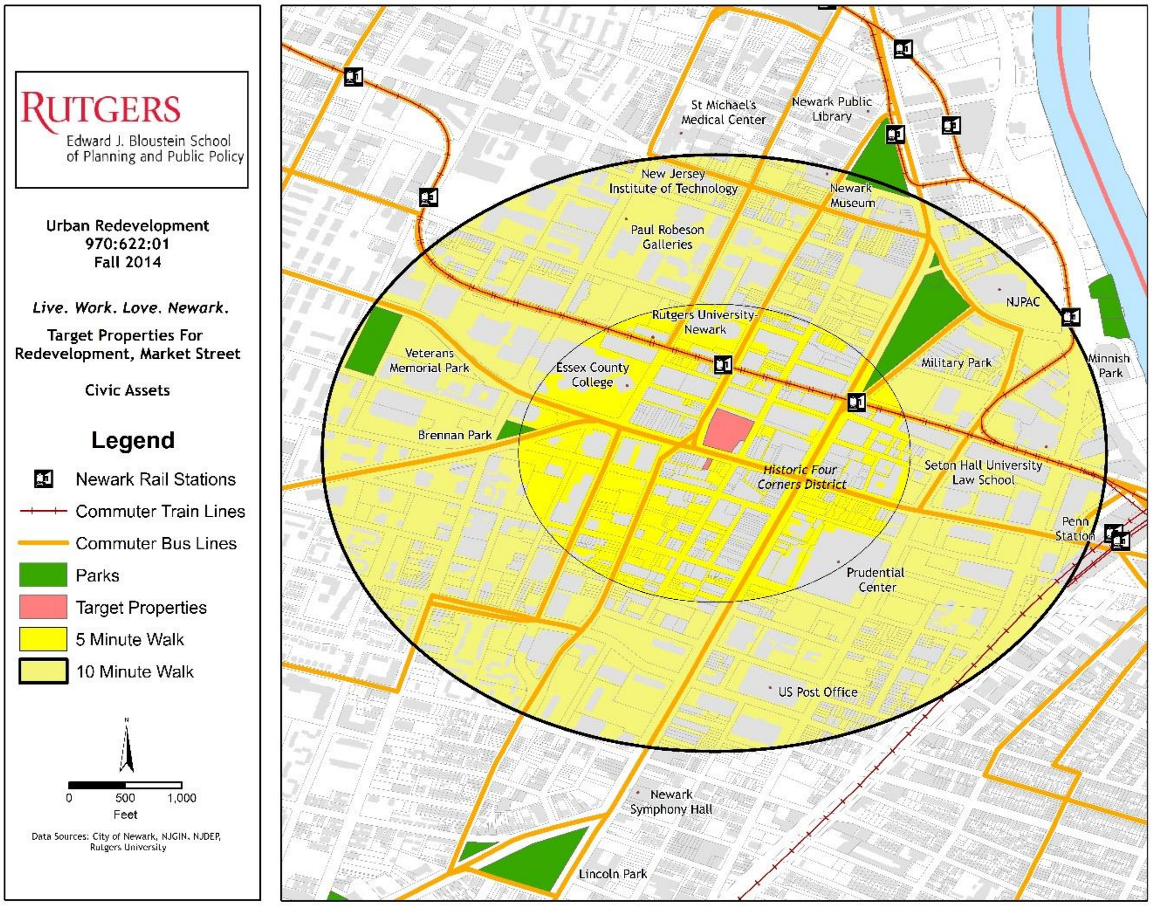
Target Market

Along with encouraging people to live downtown through financial incentives and artist units, this project should also target current New York and North Jersey residents looking for less expensive options. With easy access to transit, Newark is a convenient location for those working in New York City or North Jersey locations. Additionally, this development should be targeting young professionals and empty nesters who are drawn to downtown living. With this increased population, there will be a demand for new commercial goods and services. Although many of previously discussed many of the new residential conversions contain new retail, and the highly-anticipated Whole Foods supermarket is currently under development, downtown Newark still has ample space available for commercial uses.

Downtown Newark has the ability to once again be a central place for shopping. Current residents, students of the nearby universities, and commuters who ride NJ Transit rail and bus and PATH subway can all take advantage of shopping options in the city. This is an attractive alternative over suburban malls and shopping centers because these amenities are easily within walking distance to near public transportation. Further, because of the Prudential Center and New Jersey Performing Arts Center, Downtown Newark can benefit from sports fans, concert-goers, and theatre-goers. Currently, many people come to Newark for live entertainment; however, they come to the city solely for their event. If the attractiveness of dining options and shopping improve these event goers could be persuaded to make a whole day or night trip, spending their money in the city, as opposed to New York or elsewhere.

FIGURE 7.5: Properties within 10 minute walk of Proposed Development

[92] http://www.bostonredevelopmentauthority.org/housing/artist-housing/artistspace-housing-overview



Stakeholders

It is hoped that the proposed development will have a positive effect in the Market Street/Four Corners Historic District of downtown Newark. Success of the project depends on the involvement of stakeholders who will be affected by this development. Broadly defined, these stakeholders include developers and subsequent users of the redevelopment, citizens/taxpayers, impacted residents, businesses, and special interests groups.

We have identified key stakeholders, specific to the Market Street redevelopment project and include a brief discussion of how they might possibly be affected:

Current tenants in target properties

There are a variety of current tenants in the properties we have slated for development, the largest being Rite-Aid located at 111 Market. Successful redevelopment, as proposed here, will most likely result in permanent displacement of these tenants. To mitigate the impact of this displacement, relocation assistance will be provided as well as monetary compensation. We will work as closely as possible with current tenants to ensure that a fair deal is reached.

Current residents in nearby neighborhoods

Ideally, this development will help activate street life, slowly improving the perception and possibly safety of the area. New retail options for downtown residents will also be created. However, as with any new redevelopment project there is the chance that this development could lead to gentrification and displacement. Therefore, there should be a focus on generating new employment opportunities for low-income residences both during construction and within the new businesses.

Current business owners in neighborhood

It can be expected that some businesses in the neighborhood will benefit from this development, as more people will begin to frequent the area. However, businesses in close competition with the new businesses may suffer as will those who may become subject to rising rents.

Historic preservationists

The target properties are located in the Historic Four Corners District. While, exterior preservation strategies will be taken much of the interior of the buildings will be changed. It is assumed that historic preservationists will have an interest in the exact renovation plans of the redevelopment project.

City government

The development, especially under certain subsidiary scenarios described below, could greatly influence the city's finances. A fiscal impact analysis has been created, and is provided, to calculate exactly how much the development will influence any necessary city services provided. It should also be ensured that the project fits in with the planning and zoning boards' vision of the neighborhood.

Environmental and sustainability proponents

It is recommended that the developers work with any environmental and sustainability advocates to incorporate environmentally-friendly design features when possible. These could include solar power, green roofs, stormwater management strategies, as well as energy efficiency measures to lower carbon footprints. Additionally, complete street recommendations could be incorporated around the redevelopment sites.

To best involve stakeholders and mitigate any potential adverse impacts, it is important to involve nearby community groups who may have relevant interests. Earlier, this report examined three such community groups: Ironbound Community Corporation, La Casa de Don Pedro, and New Community Corporation. While none of these groups work directly within the downtown, it is likely their communities may be impacted by any new developments. First, Ironbound Community Corporation has undertaken the task of attracting new residents, and many of these residents will probably supply the market for the new retail options created. La Casa de Don Pedro, as further discussed in the previous section, has a strong relationship with the Hispanic community of Newark; thus, they could be included in the project if it is expected this population will be affected. Finally, New Community Corporation has a strong workforce and economic development program which could help prepare community members and match them to new jobs created. If the strengths of these organizations are called upon it could greatly help the success of the proposed development projects, especially as the influence of community groups can often help to prevent or resolve any potential community conflict.

Additionally, Business Improvement Districts should not be overlooked. Earlier, this report discussed the Ironbound Business Improvement District and the Newark Downtown District. Both of these organizations should be consulted to ensure the new businesses match the vision the organizations are trying to create for the area. The organizations should also be incentivized to expand their streetscape improvement and safety initiatives in the area near our target properties so as to make the area more desirable.

Financial Proforma

Our project will consist of two multi-story buildings that targets graduate students, creative individuals, and young professionals looking for space to start a business that permits them to utilize their creativity. The building on 111 Market Street will be known as Creative Confluence, and 116 Market Street will be known as Scholars' Village. Creative Confluence consists of 1,344,150 gross space (90% leasable), that contains retail and gallery space; live/work residences; studio space; studio, one, two and three bedroom apartments; and an attached garage that will allow for a parking occupancy of 1,050 automobiles. Scholars' Village is a residential complex that will consist of 208,000 gross square feet (90% leasable) with a 4,500 square foot bar and restaurant on the ground floor.

Across the country, both local and federal governments realize that developers need additional incentives to make urban redevelopment projects successful. Without such aid, developers must forgo the inclusion of affordable housing in their plans or resort to cheap construction in an effort to offset the higher costs of developing in urban areas. With aging housing stocks, increased population, and a higher demand for affordable housing, both local and federal government are eager to assist developers seeking to incorporate low income housing in their plans, just as Americans are slowly gravitating towards living in cities.

Therefore, in developing the pro-forma for both projects, we anticipated the use of several financial incentives. These incentives are, Tax Increment Financing (TIF), Payment in Lieu of Taxes (PILOT), Historical Tax Credit (HTC) a Low Income Housing Tax Credit (LIHTC), and a Below Market Interest Rate (BMIR) loan to turn our proposed developments into a reality.

Historic Tax Credits

Historic tax credits are part of a federal program aimed at encouraging private developers to rehabilitate and reuse historic buildings. The program is administered by the National Park Service and the Internal Revenue Service in partnership with State Historic Preservation Offices. For buildings designated as historic, a 20% income tax credit is available for rehabilitation. For non-designated buildings, but those built before 1936 a 10% tax credit is available. However, to qualify for the tax credit the rehabilitation must meet three criteria:

- 50% or more of the existing external walls must remain
- 75% of the existing external walls must remain as either interior or exterior walls

- 75% of the internal structural framework must remain[93]

Low Income Housing Tax Credits

The Low Income Housing Tax Credit program is a federal subsidy that helps to finance the development of affordable housing. Often developers are most concerned with making a profit and thus need to be incentivized to create housing for people of all incomes. This program provides incentives by awarding tax credits to the developers of qualified projects. The developers sell credits to investors to raise equity for their projects which reduces the amount the developer has to borrow. Eligible projects are those with either 20% of units set aside for households with incomes at or below 50% of area median income or those with 40% of units set aside for households with incomes at or below 60% of area median income.[94]

Tax Increment Financing

Tax increment financing is a way to finance projects using public subsidies. Within a certain geographic area, the property tax rates are frozen at a certain year. As property assessments increase, the gap between the initial frozen rate and the new taxes paid by the property owners are used to finance project costs or related capital improvements. Often, this money is used to pay back initial loans or bonds from the city. A TIF district created in this way can last for 20 to 25 years or longer.

This study proposes implementing a 15 year Tax Increment Financing District (TIF) covering the area in downtown Newark bounded by Mulberry Street and University Avenue and William Street and Raymond Boulevard, as shown in Figure 7.6. Two scenarios, with slightly different assumptions, were created using this district.

To determine the assessment value growth rate to use in calculating the revenues a TIF would generate, equalized tax values from 1999 to 2013 were collected and examined. This data, (available with the discussed calculations in Appendix A), shows increasing assessment values between 1999 and 2009 when it began to decrease. A linear trendline for this graph, gives an average yearly change of $1,026,256,112. To determine what percentage in assessed value this corresponds to, a calculation was performed dividing the yearly change by the value for each year and an average was taken, resulting in an average percentage change of 9.6%. This number was used for calculations in scenario 1.

For scenario 2, a similar trendline was created this time using only the values from 1998-2008, showing a constant increase. Given that the area chosen for the TIF district is in the central downtown and experiencing recent development, it could be expected that the assessed values will be increasing in the future and at a higher rate than other properties in the city. Thus, scenario two is developed using the assumption that the assessed value will be increasing at a rate of 14.14%, calculated from the trendline using data from 1998 to 2008 (see Table 25 in the Appendix).

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[93] "Technical Preservation Services," *National Parks* Service. http://www.nps.gov/tps/tax-incentives.htm, accessed December 2012.

[94] "LIHTC Basics," *US Department of Housing and Urban Development*. http://portal.hud.gov/, accessed December 2012.

FIGURE 7.6: Proposed TIF District

SCENARIO 1

For this scenario the assumptions are as follows:

- Implementation period: 15 years
- Assessment value growth rate: 9.6%
- Base Year: 2014
- Tax Rate: 2.6%
- CAPM rate 6.70%

In 2014, the base year, the assessed values of all taxable properties in the district was \$569,558,400[95] resulting in a property tax of \$14,296,915.35 which becomes the frozen amount moving forward. Therefore, a 15 year TIF district will give us a net present value of \$116,367,272.78.

Assessment Value of all properties (2014)	\$ 2,252,664,803.72
Frozen Tax Amount	\$ 14,926,915.35
TIF Revenue	\$ 235,582,126.39
NPV of TIF Revenue (discounting over time)	\$ 116,367,272.78

SCENARIO 2

For scenario 2 the assumptions are as follows:

- Implementation period: 15 years

95 Data gathered from propertypilot.com

- Assessment value growth rate: 14.14%
- Base Year: 2014
- Tax Rate: 2.6%
- CAPM: 6.70%

Just as in scenario 1, in the base year we have an assessed value of all properties at $569,558,400.00 with a tax rate of 2.6%, resulting in a property tax of $14,926,915.35 for all properties in the district.

Again, we will examine the Net Present Value of TIF revenue over the course of 15 years.

Assessment Value of all properties (2014)	$ 2,252,664,803.72
Frozen Tax Amount	$ 14,926,915.35
TIF Revenue	$ 438,049,299.53
NPV	$ 212,350,739.01

Using this scenario, we thus could expect a revenue of $212,350,739.01 to help finance the development of our projects. However, as this growth rate could be too high, we chose to use the more conservative scenario when creating our proformas.

Payment in Lieu of Taxes (PILOT)

A Payment in Lieu of Taxes, or PILOT, is generally paid by tax-exempt organizations. In this scenario, we are assuming the New Jersey Department of Community Affairs has relaxed its regulations to allow this incentive structure to be used to attract private development and encourage the adaptive reuse of these buildings in downtown Newark.

Often PILOTs benefit a municipality by retaining a greater share of the payment for municipal expenses rather than county or school district. This report recommends instating a PILOT at 75% of the conventional tax rate. The following calculations examine PILOT finances for both Creative Cooperative and Scholars Village considering the benefits to both the developers and municipality at rates of 75% and 50%. Obviously, the developer will benefit most at the lower rate; however, we want this project to improve the municipal finances which only occurs at the higher of the two rates.

When calculating the PILOT we assume land accounts for 10% of the assessed value while improvements account for the remaining 90%. Additionally, we assume that the total net PILOT is shared between the county and the municipality with the county getting a share equivalent to 5% of the total gross PILOT amount.

Using the assumptions stated above, an assessed value of $183 million for the creative confluence project, based on year 10 values of our proposed funding scenario, and 2013 conventional tax rates, we calculate a total gross PILOT amount of $4,052,992.50 with a net PILOT of $3,512,593.50.

To determine how this influences the municipal budget, Figure 7.7 compares the revenue generated under a 75% PILOT compared to revenue generated under conventional taxes. As Illustrated most budgets suffer from this initiative, except for the municipality which sees a budget increase of $ 913,558.88.

FIGURE 7.7: Creative Confluence, 75% PILOT compared to Conventional Taxes

	Conventional	PILOT	Difference
Municipal	$ 2,662,650.00	$ 3,576,208.88	$ 913,558.88
School	$ 1,535,370.00	$ 153,537.00	$ (1,381,833.00)
County	$ 1,024,800.00	$ 305,129.63	$ (719,670.38)
OS	$ 329,400.00	$ 32,940.00	$ (296,460.00)
Total	$ 5,403,990.00	$ 3,512,593.50	$ (1,891,396.50)

Source: 2013 Essex County Abstract of Ratables.

As an alternative, a 50% PILOT scenario was also considered to improve financing for Creative Confluence. Under this scenario the gross PILOT amount becomes $2,701,995 and the Net PILOT amount increases to $2,161,596. However, as shown in Figure 7.8 below, this financing structure decreases the budget in all areas and thus is not a prudent recommendation for the city.

FIGURE 7.8: Creative Cooperative, 50% PILOT compared to Conventional Taxes

	Conventional	PILOT	Difference
Municipal	$ 2,662,650.00	$ 2,292,761.25	$ (369,888.75)
School	$ 1,535,370.00	$ 153,537.00	$ (1,381,833.00)
County	$ 1,024,800.00	$ 237,579.75	$ (787,220.25)
OS	$ 329,400.00	$ 32,940.00	$ (296,460.00)
Total	$ 5,403,990.00	$ 2,161,596.00	$ (3,242,394.00)

Source: 2013 Essex County Abstract of Ratables.

Similar calculations were completed to examine PILOT scenarios for the Scholars Village project. For these calculations we used the same assumptions, and an assessed project value of $29 million, again based on the year 10 value for the project in our optimal scenario.

Under a 75% PILOT a total gross amount of $642,277.50 was found with a net PILOT amount of $556,640.50. The table below, looks at the breakdown of these amounts and compares revenues under a PILOT structure to revenues under conventional taxes. Similar to the previous project, we see a decrease in every area except municipal, which experiences an increase of $144,771.63.

FIGURE 7.9: Scholar's village, 75% PILOT compared to Conventional Taxes

	Conventional	PILOT	Difference
Municipal	$ 421,950.00	$ 566,721.63	$ 144,771.63
School	$ 243,310.00	$ 24,331.00	$ (218,979.00)
County	$ 162,400.00	$ 48,353.88	$ (114,046.13)
OS	$ 52,200.00	$ 5,220.00	$ (46,980.00)
Total	$ 856,370.00	$ 556,640.50	$ (299,729.50)

Source: 2013 Essex County Abstract of Ratables.

The second scenario analyzed again looked at the feasibility of a 50% PILOT agreement. Using this rate, we found a gross PILOT of $482,185 and a net PILOT of $342,548. Not unlike for the first project, this scenario also shows budget decreases across the board, as shown in Figure 7.10.

FIGURE 7.10: Scholar's village, 50% PILOT compared to Conventional Taxes

	Conventional	PILOT	Difference
Municipal	$ 421,950.00	$ 363,333.75	$ (58,616.25)
School	$ 243,310.00	$ 24,331.00	$ (218,979.00)
County	$ 162,400.00	$ 37,649.25	$ (124,750.75)
OS	$ 52,200.00	$ 5,220.00	$ (46,980.00)
Total	$ 856,370.00	$ 342,548.00	$ (513,822.00)

Source: 2013 Essex County Abstract of Ratables.

Based on these calculations we propose the implementation of a 75% PILOT for each project as it will improve the financial feasibility of these projects while adding additional revenue to the municipal budget.

FIGURE 7.11: Creative Confluence Proforma (following page)

FIGURE 7.12: Scholars' Village Proforma (following page)

However, before we started our cash flow computation we needed to determine a discount factor (hurdle rate) in order to properly evaluate the viability of our project. The capital asset pricing model (CAPM) determines is the hurdle rate. The model that enables investors and developers to determine how risky a project is by comparing it to ones just like it. The CAPM equation is $R_f + (R_M - R_f)\beta$, where R_f is the risk free rate, R_M is the market risk, and β is beta, the risk measure. The first part of the equation represents time value of money, while the second half represents risk and calculates the compensation needed for the investor, or in this case the developer, to take on the additional project. For our analysis, we used the 30 year Treasury (2.9%) as our risk free rate as our project is the PILOT for that will be receiving for the project is based off of 30 years and we believe that this rate more accurately reflects our compensation for the 10 year project as market pressures have forced shorter term rates lower. For the market risk (R_M), we decided to use the BBB corporate bond (6.35%) as we could go and invest in a higher yielding security than take on this project. Therefore, the higher yield would adequately compensate us for the risk we would be taking on. Lastly, for beta (β), which is a measure of volatility, we decided to use a number (1.25) that we thought was reflective of the current commercial real estate market. It should be noted that we thought about increasing the beta rate due to the recent uncertainty in the market place, however it became apparent that a mid-point between 1 and 1.5 was appropriate due to the banks easing regulation on lending standards and less volatility in the commercial real estate market than existed two and three years ago. Putting the equation together, we derive a 7.21% hurdle rate for both projects.

Before we jump into our analysis in the following paragraph, it is important to gain some background information on how we derived our TIF calculation for both projects. We calculated each amount of TIF bond available to our project under two scenarios, which are well articulated under the tax incremental financing section. Here, we assumed that we apply basic assumptions of scenario 1 except for shifting implementation period from 30 years to 15years to derive actual amount of TIF grant used as an equity for our two projects. Based on 6.7% as CAPM, the Net Present Value of TIF revenue for next 15 years under the scenario 1 is $116,367,272. Then, we allocated this TIF revenue to each project in proportion to total development costs. Accordingly, the Scholars development project could make use of the assigned TIF revenue as equity to cover up 30% of total development costs, and the Creative development project could convert the assigned TIF revenue as equity to cover up 28% of total development costs.

Let's first begin our analysis discussion with Creative Confluence. In developing the pro-forma for this project we scoured various renovated projects in the area and found one that we thought was similar to both breadth and depth of the redevelopment work that would be required for the Creative Confluence project. Fortunately, the project would also be one that DEVCO recently developed: 15 Washington. For this project DEVCO estimated construction cost at roughly $248 per square foot, however, for our analysis we decided to be a little more conservative and use $249 per square foot, as we anticipated our costs to be $1.3 million more than the 15 Washington project due to the condition and interior build out of our building. Thus, for our 1.3 million square foot building we derive a construction budget of $248.6 million. Additionally, using local rents of comparable projects, e.g., Teachers Village and The Madison (316 Market St), in the area, we were able to estimate the purchase price of the existing property at $21.4 million by estimating the acquisition cost based on the sale price per square foot of the comparables, bringing total project cost to $357.1 million. In order to offset these cost we had to turn to the city and other agencies to obtain capital, as our annual revenues of $10.7 million could not cover our debt service amount of $19.6 million (on a $285.7 million loan). From the City of Newark we estimated that we could acquire a 15 year TIF and a PILOT, and from the Federal Government a HTC equal to 20% of the project cost, and a 9% LIHTC, and a BMIR to help fund the projects. The total outside financing package amounted to $222.8 million, which lowered our outlay cost to $96.4 million.

We anticipated that our construction cost will be spread over two years and the units ready to move into the start of the third year. In calculating revenues we assumed a 2% revenue growth rate and 5% vacancy for all units, including live/work space. Moreover, in addition to the rents, we will be receiving ancillary income from the parking spaces that we will be leasing to residential and commercial tenants of both buildings at $100/month and anticipated that 15% of revenues will go to expenses. We started our analysis using a 25 % PILOT, which reduced operating expense from $2 million to $1.5 million however it was not enough to offset our debt payment of $19.6 million. In order to target the debt we used a TIF scenario that accounted for 28% of the debt. From the table below, the reduced debt payment is not enough to allow positive cash flows. Therefore, we knew that to make the project feasible we were going to have to combine tax credits. In combining the tax credits and a below market interest rate on the loan, we finally achieve a project that is attractive financially, as we achieve positive cash flows and a health return-on-equity (ROE) of 8%.

FIGURE 7.13: Creative Confluence Proforma Summary (in dollars)

	No Incentive	25% PILOT	TIF	HTC	LIHTC	All Credits (BMIR)
NOI	8,200,278	8,712,796	8,200,278	8,200,278	8,200,278	8,712,796
Debt Payment	(19,659,156)	(19,659,156)	(12,778,452)	(15,071,912)	(16,710,283)	(2,805,528)
Cash Flow	(11,458,878)	(10,946,361)	(4,578,173)	(6,871,634)	(8,510,005)	5,907,268

ROE	-16%	-15%	-9%	-10%	-12%	8%

Turning to the Scholars Village project we took a similar approach to deriving construction, acquisition, and expense costs associated with the project. From the Figure 7.14, our NOI of $1.9 million cannot support the $3.1 million debt service payment. To help us cover this gap, we turned to using a PILOT from the city, as the PILOT would reduce operating costs 25% to 15% of revenues. However, even by reducing our operating expense our NOI ($2 million) is not sufficient to cover our debt service payment. One of the primary reasons why the PILOT is of little use by itself is due in large part to the fact that PILOTs do not reduce your debt amount. When you have a considerable debt amount, like we do for, the developer needs a financing incentive that will ultimately reduce the amount of debt.

TIF, HTC, LIHTC and BMIR are incentives that will reduce the debt burden. Through the use of a TIF we are able to reduce our debt position 37.5% to 50%, thus lowering our debt service to $1.9 million. Surprisingly, even with TIF accounting for 30% of total financing our stabilized cash flow is negative and the same scenario plays out using HTC. Surprisingly, LIHTC would be the only form of financing incentive, of the other three, that would allow for a positive cash flow position. With a total development budget of $57 million, an initial equity outlay of $11.4 million, and $8.5 million in LIHTC our project was able to return a positive cash flow of $66.3 million. Unfortunately, the ROE for this project is not sufficient to meet the required rate at which we can expect to grow our investment dollars. Similar to the Creative Confluence project, we would end up having to utilize all five incentives to make the project feasible.

Due to the uniqueness of Scholars Village, the first housing project aimed at providing affordable housing to recent college grads and graduate students in Newark, lent us to rationally believe that this project might receive all five subsidies. After running the analysis with financial incentives totaling $36.9 million, a reduced mortgage position of $8.6 million (from $45.6 million), we are able obtain an NOI of $2 million and a very attractive 15% ROE.

FIGURE 7.14 Scholars' Village Proforma Summary (in dollars)

	No Incentive	25% PILOT	TIF	HTC	LIHTC	All Credits (BMIR)
NOI	1,922,040	2,042,168	1,919,578	1,919,578	1,919,578	2,031,121
Debt Payment	(3,138,781)	(3,138,781)	(1,961,738)	(2,362,532)	(1,853,241)	(385,181)
Cash Flow	(1,216,741)	(1,096,613)	(42,160)	(442,955)	66,337	1,645,940
ROE	-11%	-10%	0%	-4%	1%	15%

Fiscal Impact Analysis

As a city with a limited property tax base, the introduction of new ratables has the potential to improve local public finances and allow the government to improve and expand services. A fiscal impact analysis was applied to the two proposed rehab projects Creative Cooperative and Scholars Village to ascertain how the project will affect municipal and school district finances.

Two fiscal impact analyses were carried out for each property: one in which it is assumed that the properties pay normal property taxes and a second in which it is assumed a PILOT is applied to the properties.[96] These analyses are limited to property tax revenues and property tax supported expenditures. The results of this analysis for the Creative Cooperative are presented in the table below.

Fiscal Impact with Normal Property Tax Applied			
	Revenues	Costs	Net Fiscal Impact
Municipal	$3,082,886	$1,078,407	$2,004,479
School District	$1,870,312	$43,662	$1,826,650
		Total Fiscal Impact	**$3,831,128**
Fiscal Impact with PILOT Applied			
	Revenue	Costs	Net Fiscal Impact
Municipal	$ 3,576,208.88	$1,078,407	$2,497,802
School District	$ 153,537.00	$43,662	$109,875
		Total Fiscal Impact	**$2,607,676**

The rehabilitation of the Creative Cooperative has a positive impact on both school district and municipal finances. Despite a large proportion of affordable housing which limits tax and PILOT revenues, the fact that the number of people and public school children expected to reside in each unit is less than the number typically associated with each housing type results in lower than typical additional expenditures for the municipality and school district. The multipliers for number of people was reduced by 20% and the multipliers for the number of public school children by 20%.

The application of a PILOT set at 75% of assessed improvement value results in a net fiscal impact of $2.6 million. However, in this case the net fiscal benefit for the school district is 4% of the net fiscal benefit for the municipality, since the school district now only receives property taxes on the assessed land value, while the municipality receives this tax plus the PILOT payment. In a normal property tax scenario, the school district enjoys a net fiscal benefit only slightly less than the municipality.

A similar pattern is observed when a fiscal impact analysis is applied to the Scholars Village project:

Fiscal Impact with Normal Property Tax Applied			
	Revenues	Costs	Net Fiscal Impact
Municipal	$541,905	$230,388	$311,517
School District	$328,760	$1,938	$326,823
		Total Fiscal Impact	**$638,339**
Fiscal Impact with PILOT applied			
	Revenue	Costs	Net Fiscal Impact

[96] The value to which the tax rate was applied was generated by applying a cap rate of 7% to annual gross rent. For Creative Cooperative, this produces an amount of $252 million and $44 million for the Scholars Village. This differs from the value that the PILOT was applied to which was the sales value in year ten, amounting to $180 million for Creative Cooperative and $29,000,000 for the Scholars Village. This discrepancy causes the impact of a PILOT being understated relative to a normal property tax scenario in this analysis.

Municipal	$566,722	$230,388	$336,333
School District	$24,331.00	$1,938	$22,393
		Total Fiscal Impact	**$358,726**

The rehabilitation of both properties will result in a positive net fiscal impact for the city. This supports the case for the city supporting the project by expediting necessary permitting processes, allowing a PILOT as an alternative to property taxes, and taking other steps to help ensure completion of the project.

For more detailed pro-forma analysis, please see Appendix B.

Fiscal Scenarios: The Property Tax and Creative Cooperative Project Feasibility

Property taxes constitute a significant cost for real estate developers; the structure of property taxation can have a significant impact on a municipality's potential for development. Six hypothetical taxation scenarios were applied to the Creative Cooperative project financial proforma to determine how the developments would perform under tax structures that differ from the current local property tax. The results show that several alternative tax scenarios would contribute significantly to feasibility of the proposed project, while others would have an insignificant effect.

A pro forma of the Creative Cooperative with the actual Newark 2013 tax rate applied is used as the base case. The financing for the mixed-use project includes a below market interest rate of 2.5% and Historic Tax Credits amounting to $67 million in equity. For the purpose of this study, the cap rate is assumed at an unrealistically low 6.5% in order to produce a levered Internal Rate of Return (IRR) that can be compared with the altered tax structure scenarios. An estimated annual tax cost was calculated by applying the cap rate to the Gross Rent and multiplying the result by the equalized tax rate. The proforma for the project generates the following results:

FIGURE 7.6: Base Case of Creative Confluence

Creative Cooperative Base Case	
Sales Price in Year 10	$206,282,042
Tax Cost in Year of Sale	$7,682,093
Leveraged IRR	-51%

A reduction in Newark's municipal tax rate in some cases could potentially be offset by a reduction in the amount of Municipal and School State Aid received by the municipality. For example, if a county tax sharing agreement was established and resulted in a reduced fiscal burden on Newark, New Jersey State might reduce the amount of aid provided to the city. These potential changes are not taken into account in the scenarios presented here. These scenarios also assume the 2013 property tax base remains constant across the 10 year study period, while a 2% annual growth rate is applied to the project tax cost. This may distort results, but still produces useful figures for the purpose of comparing scenarios.

Scenario 1: Increase Municipal State Aid

Due to Newark's limited tax base and high spending needs, a large portion of the city's budget is funded through Municipal State Aid. In 2013, Newark received $107.37 million in municipal state aid. Increasing the state aid received by the municipality would have the effect of reducing the necessary local property tax levy and would therefore lower the tax rate applied to the property base value. State aid would have to be greatly increased to significantly impact the feasibility of the proposed rehab projects.

For every 10% increase in state aid from the 2013 aid amount, there is only a 7% decrease in the equalized tax rate. Even at a 50% increase in state aid, the property tax rate would still be 86%

of the actual tax rate; however, this increase in state aid would change the project's IRR from negative to a positive 4%. If the state aid was doubled, the tax rate would drop from the actual 2013 tax rate of 2.482% to 1.79%, or 71.98% of the 2013 rate. This would produce $2.15 million of savings in expenses in Year 10, the year of sale, and would increase the sale price to $240 million and the IRR to 22%. Based on the criteria of IRR alone, applying this new tax rate would make the development an attractive investment. It is evident that a dramatic increase in state aid would spur development in Newark; however, such a large increase in state aid would likely prove politically infeasible, particularly amid the current state budgetary crisis.

FIGURE 7.7: Scenario 1, Increased Municipal State Aid

Municipal State Aid Increased by 10%	$118,110,332
New Total Equalized Tax Rate	2.41%
2013 Total Equalized Tax Rate	2.482%
New as % of 2013 Rate	97.20%
Sales Price in Year 10	$209,657,435
Tax Cost in Year of Sale	$7,466,994
Leveraged IRR	-25%
Municipal State Aid Increased by 50%	$161,059,544
New Total Equalized Tax Rate	2.13%
New 2013 Equalized Tax Rate	2.482%
New as % of 2013 Rate	85.99%
Sales Price in Year 10	$223,171,064
Tax Cost in Year of Sale	$6,605,832
Leveraged IRR	4%
Municipal State Aid Increased by 100%	$214,746,058.00
New Equalized Total Tax Rate	1.79%
2013 Equalized Total Tax Rate	2.482%
New as % of 2013 Rate	71.98%
Sales Price in Year 10	$240,060,085
Tax Cost in Year of Sale	$5,529,570
Leveraged IRR	22%

Scenario 2: County Tax Base Sharing

County Tax Base Sharing is an approach to relieving fiscal pressure on lower-income municipalities by implementing a county-wide *municipal* tax rate based on the county-wide property tax base.

In New Jersey, tax base sharing is employed in the planned Meadowlands region. According to the New Jersey Meadowlands Commission website, "The Inter-municipal Tax Sharing Program was established to create a fair and equitable method of distributing the benefits and costs of economic development and land use decisions made by the NJMC amongst the 14 Meadowlands District municipalities."[97]

[97] New Jersey Meadowlands Commission, (2014). "Tax Sharing." Retrieved December 5, 2014 from http://www.njmeadowlands.gov/njmc/about/tax-sharing.html

Tax-base sharing could also potentially have the effect of reducing the municipal property tax rate for the lower-income municipalities, although raising the rate for better off municipalities. An Essex county tax base sharing structure would relieve fiscal pressure on Newark and would facilitate the proposed rehab projects. In the case of the Creative Cooperative, the IRR improves substantially, but remains negative.

FIGURE 7.8: Scenario 2, Countywide Tax Base Sharing

County-Wide Tax Base Sharing for Municipal Levy	
New Equalized Total Tax Rate	2.218%
2013 Equalized Total Tax Rate	2.482%
New as % of 2013 Rate	89.34%
Sales Price in Year 10	$219,132,648
Tax Cost in Year of Sale	$6,863,182
Levered IRR	-2%

Scenario 3: Multi-County Tax Base Sharing

County tax base sharing can be expanded to include several counties. In this case, two wealthy counties, Morris County and Bergen County, were selected along with Essex County to form a shared tax base. Morris County and Bergen County are relatively wealthy counties based on median income and are locate adjacent to Essex County. Incorporating these wealthier counties into a tax base sharing structure significantly would significantly reduce Newark's property tax rate, by about 21%. Applying this rate to the subject development would result in an IRR of 15%.

FIGURE 7.9: Scenario 3, Multi-county Tax Base Sharing

Multi-County Tax Base Sharing for Municipal Levy	
New Equalized Total Tax Rate	1.94%
2013 Equalized Total Tax Rate	2.482%
New as % of 2013 Rate	78.09%
Sales Price in Year 10	$232,694,494.99
Tax Cost in Year of Sale	$5,998,946.18
Levered IRR	15%

Scenario 4: PILOT Payments by Exempt Properties

The presence of numerous exempt properties impede Newark's ability to raise revenue through the property tax. In total, the foregone revenues from all exempt properties amount to $10.96 billion dollars, or 84% of the amount of the assessed property tax base. Properties such as universities, hospitals, museums, cultural centers, and others such properties, categorized as "Other Exempt Properties", represent $4 million in foregone revenues. If these properties paid a Payment in Lieu of Taxes (PILOT), this would reduce the property tax levy required to fund the municipal budget by the amount of the PILOT. Despite the many such exempt properties in Newark, application of a PILOT would not result in a significantly lower tax rate, nor significant savings for real estate development projects. This calculation assumes that no exempt properties in the "Other Exempt Properties" categories paid PILOTs in 2013.

If the properties paid a PILOT of 75%, this would reduce the equalized property tax rate from the normal rate of 2.482% to 2.462%. This would not a significant improvement in the development's financial performance. IRR increased slightly, but remains extremely low at -37%.

FIGURE 7.10: PILOT Payments by Exempt Properties

PILOT on Other Exempt Properties	
Equalized Value of Other Exempt Properties	$336,362,591.55
Potential Property Tax Revenue from Exempt Properties	$4,113,675.17
PILOT at 75% of Municipal Property Tax	
PILOT Revenue from Exempt	$3,085,256.38
New Total Equalized Tax Rate	2.462%
New as % of 2013 Rate	99.19%
Sales Price in Year 10	$207,487,540
Tax Cost in Year of Sale	$7,605,271
Levered IRR	-37%

Scenario 5: Graded Tax Rate

A graded property tax rate refers to the application of a different rate to different classes of property, whether vacant land, residential, farm, commercial, industrial, or apartments. This may be done in order to encourage certain uses or to discourage others. As part of Newark's redevelopment efforts, the city is attempting to encourage new multi-family residential and retail use, especially in the downtown area. Therefore, the composition of the 2013 equalized tax rate of 2.482% was altered so the tax burden is redistributed, reducing the burden on Apartment and Commercial as follows:

Property Class	% Share of Levy with Uniform Rate	% Share Levy with Graded Rate
Vacant Land	3.96%	5%
Residential	39.41%	30%
Farm	0%	0%
Commercial	36.21%	30%
Industrial	10.68%	30%
Apartment	9.75%	5%
Total	100%	100%

In order to insert the graded tax into the proforma, the following formula was used:

2013 Equalized Tax Rate x [(Net Retail Rent x 82.86%) + (Net Residential Rate x 51.29%)] / 0.065

FIGURE 7.11: Graded Property Tax

Graded Property Tax	
Apartment Graded Rate as % of 2013 Rate	51.29%
Commercial Graded Rate as % of 2013 Rate	82.86%
Sales Price in Year 10	$273,295,103.02
Tax Cost in Year of Sale	$3,411,652.53
Levered IRR	50%

A graded property tax appears to be an effective means of spurring development of targeted property types. Applying a graded rate, with the Apartment share of the levy reduced 9.75% to 5%, and the Commercial share reduced from 36.21% to 30%, dramatically improved the financial performance of the subject development project. The property tax cost was reduced from $7.7 million dollars to just $3.4 million dollars. The IRR increased to 50%. While the graded tax system has a powerful impact, it may prove politically inviable, as owners of certain property classes would bare a disproportionate share of the tax burden.

Scenario 6: Henry George Tax System

Historically, the Henry George tax was proposed as a way to achieve a more equitable society. In a 19th century American society of wealthy landlords and impoverished tenants, taxing land rather than land and improvements was proposed as a method of taxation that could potentially create a more equitable and efficient distribution of resources. In theory, since a tax on land would not reduce the amount of land supplied, society would not incur the "deadweight loss" usually associated with a tax on goods or services. The cost of the tax would fall squarely on the landowner (due to the perfect inelasticity of land supply), and the tenant would not see any rise in rents.[98]

Although Henry George's idea was never applied, today's redevelopment needs could be furthered by a land only tax. Such a tax could potentially serve as a means of incentivizing real estate development. If a tax were only applied to the land, a property owner would not incur any additional tax burden by building on the land. In fact, the property owner would be incentivized to increase the value of the property since the cost of owning an undeveloped property would be much greater than under a normal tax. The Henry George tax policy could potentially reduce the large amount of vacant lots located throughout Newark, help meet low- and moderate-income housing needs, and allow for increased economic activity.

For example, a typical single family home in Newark might be assessed at $120,000, with the land assessed at $30,000 and the improvements assessed at $90,000. If the owner of a vacant lot were considering whether to build a home on the lot, the application of a land-only tax would be a major incentive. Under the normal 2013 *property tax on land and improvements* of 2.95%, the owner would pay only about $855 in property taxes if the lot remained undeveloped. If a home was developed on the lot, the tax burden would rise to about $3,540.

If the *land only tax* rate was applied, which would have to be increased to 8.92% in order to raise the 2013 levy of $383 million, the owner would pay $2,776 on the undeveloped property. This amount is much greater than the normal $855 levy. The owner would therefore be incentivized to make use of the land in order to in increase its value to the owner and offset this larger tax burden. If a single-family home were to be built on the lot, no further tax burden would be added.

When applied to the proposed Creative Cooperative, the Henry George tax would produce a major incentive for development. This is due to the fact that the land and improvements value (pre-rehab) of both properties are equal. As seen below, the pre-development tax levy with a

[98] Mankiw, N.G., (2008). *Principles of Microeconomics*. Mason, OH: Cengage Learning.

land-only tax is $2.16 million more than the levy if the normal tax rate is applied.[99] This would be an incentive to make use of the land by developing. If the normal 2013 tax rate were applied, the tax cost of the project would increase by $5.97 million in the first year of the property's operation from the pre-development tax cost of $1.43 million. The land-only tax would not change, remaining at $2.16 million.[100]

FIGURE 7.12: Henry George Tax System

Henry George Tax System	
Newark 2013 Total Property Tax Levy	$383,160,331
Newark Total Assessed Land Value	$4,296,381,700
Required Nominal Property Tax Rate if Only Land Taxed	8.92%
Pre-Development	
Current Assessed Land Value	$24,207,500
Current Assessed Building Value	$24,207,500
Total Assessed Value	$48,415,000
2013 Newark Nominal Property Tax Rate	2.95%
Expected 2013 Nominal Property Tax Amount	$1,428,243
Expected Property Tax Amount if Only Land Taxed	$2,158,876
Difference	-$730,633
Post-Development: After Rehabilitation	
Assessed Land Value in Year 3 (First Year of Operations)	$24,207,500
Estimated Assessed Building Value in Year 3	$226,541,918
Total Assessed Value in Year 3	$250,749,418
2013 Newark Nominal Property Tax Rate	2.95%
Expected 2013 Nominal Property Tax Amount	$7,397,108
Expected Property Tax Amount if Only Land Taxed	$2,158,876
Difference	$5,238,232
Increase in Pre/Post Development Normal Tax	$5,968,865
Difference in Pre/Post Development Land Only Tax	$0

Recommendations

As a rising prominent city Newark is at a crossroad in regards to its development. With the initial progress of previous projects, both Creative Confluence and Scholars Village integrate well with the future of Newark. By optimizing upon the rising rent prices in the metropolitan area, Newark is becoming an option for residents that previously would have chosen locations like New York or Hoboken. The City of Newark must continue to invest in development to remain competitive as a destination. In the city's "Living Downtown Newark" plan one major goal was to attract individuals to interact with the streets of the city versus the avoidance that characterized the previous decade's developments.

While investment in the future of Newark is a necessity for stable economic growth, Newark faces serious impediments regarding funding. Newark has historically been an economically

[99] Assuming same levy, total base, land base, and project property land value through first year of operation.
[100] The Year 3 sales value was calculated by applying the cap rate to Gross Rent.

depressed city with a minimal tax base due to both low income residents and tax exempt properties. To remedy this we suggest several government programs dedicated to incentivizing development in economically depressed areas:

- Historic Tax Credits leverage Newark's vast historic building stock while providing aid to developers. The Historic Tax Credit would provide a 20% income tax reeducation that would generate over $77 million dollars.
- Low Income Housing Tax Credits provide support Newark by not only increasing the percentage of affordable housing stock but also providing revenue of to the developer in excess of $60 million dollars through the use of a 9% credit.
- Using a Payment in Lieu of Tax program the municipality of Newark gains over $3.5 million of which the municipality gains a great portion of in comparison to taxes. This report recommends instating a PILOT at 75% of the conventional tax rate for 15 years.
- This study proposes implementing a 15 year Tax Increment Financing District (TIF) covering the area in downtown Newark bounded by Mulberry Street and University Avenue and William Street and Raymond Boulevard.
- The use of a Below Market Interest Rate (BMIR) is also suggested to increase the feasibility of the developments. We suggest the use of a BMIR of 2.5% for these developments.

We anticipate our Creative Confluence development will have a total cost of $357.1 million. This number was derived this number by approximating that it would cost around $249 per square foot which resulted in a construction budget of $248.6 million. Through the use of local rental prices of comparable projects we estimated the total acquisition cost being $21.4 million. Our revenue of approximated $10.7 million fell short of our debt service amount of $19.6 million; therefore we had to secure other funding options to finance this project. For the Scholars Village a similar methodology was used to create a total development budget of $57 million. Using the aforementioned incentives both developments would be fiscally successful.

These two developments would be located at the cross section of Washington Street and Market Street; two major roadways in Newark that connects it to neighboring towns. Creative Confluence and Scholars Village will serve as a unifier of the progressive development currently downtown but further west, closer to Penn Station. These developments draw potential residents further into Newark to get a real sense of the community. In Newark there are currently several galleries along Market Street that promote the artist culture. The idea behind the Creative Confluence is aligned with Creative Place Making which leverages local community talent to increase the value of this city. This development would attract and be able to support a diverse socioeconomic group of individuals. Through the development of a variety of living spaces including: Live/Work spaces, studios, 1 to 3 bedroom apartments, Creative Confluence seeks to develop an atmosphere that is conducive for artist. One main feature of the development is its dedication to communal amenities. The idea behind this is by living here artists will have all they need to hone their craft; however to keep it affordable it will be a shared space. These amenities can also be leveraged for the use of the local community through nominal fees. This would introduce a new host of resources that makes Newark attractive to many young professionals. In the building we also propose a Gallery/ Performance space on the second floor. The idea would be to have a space for local artist to display their work. This area would also be used as a small theater to support the dramatic arts as well. The ground floor of the development would be used for commercial uses such as retail and restaurants. Through these uses this development would achieve the "Living Downtown Newark" plan goal of attractions that are open after typical work hours. This would be an energetic area that bridges the downtown, business area with the University Heights section of Newark.

Scholars Village is another facet of the development that bridges the various uses of the city. In its proposed location Scholars Village would boarder three of Newark's tertiary education institutions. With the goal of housing Graduate level students, Scholars Village aims to provide the amenities that these individuals desire. The building would offer studio and 1 bedroom apartments and have a library which would give students access to the resources they need as well as an additional place to study. This building would be developed with their needs in mind aiming to create a space that is intellectually stimulating and supportive. The ground floor of this building will be used for retail and/or restaurant use as well.

In addition to utilizing incentives to fund these developments, the City of Newark should aim to partner with existing Community Development Corporations. These organizations have longstanding history with Newark and are already invested in the growth of the city. In the past they have been fundamental in influencing change while engaging the community. The successful implementation of this development would leverage the skills already existing in Newark through this suggested partnership.

Both of these developments highlight existing qualities in Newark that have been overlooked in the past. Through the creative and thoughtful development of these spaces, the future of Newark as a sought after destination is achievable. In conjunction with other current proposed plans Newark is transformed into a better environment not only for the enjoyment of newcomers, but longstanding residents who have a great deal of pride in their city.

Description of Responsibilities

Section		Responsible Parties
	Editors/ Compilation/ Design	Makeda, Christian
1	Executive Summary	Makeda, Christian
2	History	Kvein B.
3	Socioeconomic and Public Finance	Christian, Makeda, Aaron, Kevin B., Katie, Elliot
	Scratched	
4	Legal/Planning Redevelopment Framework-`	Katie, Makeda, Kevin S., DY
5	Community Redevelopment Framework-	Katie, Makeda, Jiae, Kevin B., Christian
6	BID	Kevin S., Elliot, Dong Young, Jiae, Aaron, Katie
7	Redevelopment Project Analysis (Market Analysis, Financial Proforma, Participants, Fiscal Impact)	Kevin S., Elliot, Dong Young, Kevin B. , Katie Aaron
8	Overall Recommendations: (Group)	Makeda, Christian
9	Bibliography - Social Science, with Endnotes	Christian, Makeda

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Appendix Tables

Table 1: Population of Newark from 1950 to 2010

	City of Newark			County of Essex			State of New Jersey		
Year	Count	%	Change	Count	%	Change	Count	%	Change
1950	438,776	—	—	905,949	—	—	4,835,329	—	—
1960	405,220	-7.65%	-33,556	923,545	1.94%	17,596	6,066,782	25.5%	1,231,453
1970	381,930	-5.75%	-23,290	929,986	0.70%	6,441	7,171,112	18.2%	1,104,330
1980	329,248	-13.79%	-52,682	851,116	-8.48%	-78,870	7,365,011	2.7%	193,899
1990	275,221	-16.41%	-54,027	778,206	-8.57%	-72,910	7,730,188	5.0%	365,177
2000	273,546	-0.61%	-1,675	793,633	1.98%	15,427	8,414,350	8.9%	684,162
2010	277,140	1.31%	3,594	783,969	-1.22%	-9,664	8,791,894	4.5%	377,544

Source: US Census Bureau, 1950-2010 Decennial Census Counts

Table 2: Racial Composition of Newark, Essex County, and New Jersey, 2012

	Newark City		Essex County		New Jersey	
	Count	Percentage	Count	Percentage	Count	Percentage
White	76,275	28%	339,640	43%	6,121,023	70%
African-American	143,713	52%	317,719	41%	1,187,307	14%
Asian	4,508	2%	36,585	5%	736,015	8%
Other	35,474	12%	62,989	8%	541,323	6%
Two or More Races	16,508	6%	26,907	3%	208,220	2%
Total	276,478	100%	783,840	100%	8,793,888	100%

Source: US Census Bureau, 2008-2012 American Community Survey

Table 3: Ethnic Composition of Newark, Essex County, and New Jersey, 2012

	Newark City		Essex County		New Jersey	
	Count	Percentage	Count	Percentage	Count	Percentage
Not Hispanic	184,547	67%	624,294	80%	7,236,208	82%
Hispanic	91,931	33%	159,546	20%	1,557,680	18%
Mexican	*4,948*	*2%*	*9,030*	*1%*	*214,288*	*2%*
Puerto Rican	*37,840*	*14%*	*57,329*	*7%*	*445,728*	*5%*
Cuban	*2,334*	*1%*	*4,967*	*1%*	*86,407*	*1%*
Other	*46,809*	*17%*	*88,220*	*11%*	*811,257*	*9%*
Total	276,478	100%	783,840	100%	8,793,888	100%

Source: US Census Bureau, 2008-2012 American Community Survey

Table 4: Nativity of Residents: Newark, Essex County, and New Jersey, 2012

	Newark City		Essex County		New Jersey	
	Count	Percentage	Count	Percentage	Count	Percentage
Native Born	202,173	73%	592,107	76%	6,960,812	79%
Foreign Born	74,305	27%	191,733	25%	1,833,076	21%
Total	276,478	100%	783,840	100%	8,793,888	100%

Source: US Census Bureau, 2008-2012 American Community Survey

Table 5: Citizenship of Residents: Newark, Essex County, and New Jersey, 2012

	Newark City		Essex County		New Jersey	
	Count	Percentage	Count	Percentage	Count	Percentage
Naturalized Citizen	24,916	34%	90,371	47%	928,035	51%
Not a U.S. Citizen	49,389	67%	101,362	53%	905,041	49%
Total (Foreign Born)	74,305	100%	191,733	100%	1,833,076	100%

Source: US Census Bureau, 2008-2012 American Community Survey

Table 6: Language Spoken at Home: Newark, Essex County, and New Jersey, 2012

	Newark City		Essex County		New Jersey	
	Count	Percentage	Count	Percentage	Count	Percentage
English only	140,717	55%	485,200	66%	5,811,132	70%
Language other than English	115,075	45%	245,031	34%	2,444,767	30%
Spanish	*77,390*	*30%*	*130,731*	*18%*	*1,250,143*	*15%*
Indo-European languages	*29,573*	*12%*	*78,099*	*11%*	*701,260*	*9%*
Asian & Pacific Islander languages	*1,962*	*1%*	*20,559*	*3%*	*379,316*	*5%*
Other	*6,150*	*2%*	*15,642*	*2%*	*114,048*	*1%*
Total (population 5 years and over)	255,792	100%	730,231	100%	8,255,899	100%

Source: US Census Bureau, 2008-2012 American Community Survey

Table 7: Median Age of Newark, Essex County, and New Jersey from 1990 to 2010

Year	Newark City	Essex County	New Jersey
1990	33.9	38.2	36.1
2000	30.8	34.7	36.7
2010	32.3	36.4	39

Source: US Census Bureau, 1950-2010 Decennial Census Counts

Table 8: Population of Newark by Sex and Age in 2012

Age Grouping	Male	Female
Under 5 years	10,925	9,761
5 to 9 years	9,641	9,905
10 to 14 years	10,096	8,893
15 to 19 years	11,504	9,772
20 to 24 years	12,070	11,152
25 to 29 years	11,965	11,620
30 to 34 years	11,345	11,689
35 to 39 years	11,529	10,237
40 to 44 years	9,650	9,681
45 to 49 years	10,190	9,608
50 to 54 years	8,277	9,056
55 to 59 years	6,452	7,381
60 to 64 years	4,869	5,992
65 to 69 years	3,202	4,329
70 to 74 years	2,519	3,392
75 to 79 years	1,557	2,658
80 to 84 years	1,102	1,889
85 years and over	775	1,795

Source: US Census Bureau, 2008-2012 American Community Survey

Table 9: Composition of Households in Newark, Essex County, and New Jersey, 2010

	Newark City	Essex County	New Jersey
Husband and wife	28%	40%	51%
Female householder, no husband present	29%	21%	13%
Male householder, no wife present	8%	6%	5%
Total family households	65%	67%	69%
Total non-family households	35%	33%	31%
Total	100%	100%	100%

Source: US Census Bureau, 2010 Decennial Census

Table 10: Average Household Size: Newark, Essex County, and New Jersey, 2012

	Newark City	Essex County	New Jersey
Household Size	2.85	2.75	2.7

Source: US Census Bureau, 2008-2012 American Community Survey

Table 11: Educational Attainment of Residents: Newark, Essex County, & NJ 2012

	Newark City		Essex County		New Jersey	
	Count	Percentage	Count	Percentage	Count	Percentage
Less than 9th grade	25,907	15%	40,629	8%	326,107	6%
9th to 12th grade, no diploma	25,692	15%	47,288	9%	396,922	7%
High school graduate (or equivalent)	60,615	35%	148,148	29%	1,741,272	29%
Some college, no degree	31,268	18%	88,219	17%	1,023,647	17%
Associate's degree	7,717	5%	27,088	5%	369,470	6%
Bachelor's degree	15,390	9%	99,307	19%	1,314,380	22%
Graduate or professional degree	6,170	4%	64,559	13%	797,718	13%
Total (population aged 25+)	172,759	100%	515,238	100%	5,969,516	100%

Source: US Census Bureau, 2008-2012 American Community Survey

Table 12: Employment Status of Newark, Essex County, and New Jersey Residents aged 16+, 2012

	Newark City		Essex County		New Jersey	
	Count	Percentage	Count	Percentage	Count	Percentage
Employed	108,958	51%	352,627	58%	4,219,677	60%
Unemployed	23,656	11%	51,252	8%	443,328	6%
In labor force	132,614	62%	403,879	66%	4,663,005	67%
Not in labor force	*80,695*	*38%*	*207,904*	*34%*	*2,312,991*	*33%*
Population over age 16	*213,309*	*100%*	*611,783*	*100%*	*6,975,996*	*100%*

Source: US Census Bureau, 2008-2012 American Community Survey

Table 13: Industry of Newark, Essex County and New Jersey, 2012

	Newark City		Essex County		New Jersey	
	Count	Percentage	Count	Percentage	Count	Percentage
Agriculture, forestry, fishing and hunting, and mining	97	0%	370	0%	14,927	0%
Construction	9,783	9%	20,379	6%	241,514	6%
Manufacturing	8,728	8%	24,951	7%	382,554	9%
Wholesale trade	2,670	3%	9,347	3%	152,068	4%
Retail trade	11,426	11%	36,640	10%	471,686	11%
Transportation and warehousing, and utilities	11,249	10%	24,949	7%	237,214	6%
Information	1,974	2%	10,968	3%	126,468	3%
Finance and insurance, and real estate and rental and leasing	5,438	5%	29,751	8%	374,873	9%
Professional, scientific, and management, and administrative and waste management services	10,152	9%	43,227	12%	526,798	13%
Educational services, and health care and social assistance	25,385	23%	91,583	26%	973,233	23%
Arts, entertainment, and recreation, and accommodation and food services	9,812	9%	26,118	7%	339,135	8%
Other services, except public administration	7,021	6%	17,881	5%	187,763	4%
Public administration	5,223	5%	16,463	5%	191,444	5%
Civilian employed population 16 years and over	108,958	100%	352,627	100%	4,219,677	100%

Source: US Census Bureau, 2008-2012 American Community Survey

Table 14: Employment by Occupational Sector: Newark, Essex County & New Jersey, 2012

	Newark City	Essex County	New Jersey
Management, business, science, and arts occupations	19.8%	37.0%	40.1%
Service occupations	26.2%	19.3%	16.4%
Sales and office occupations	23.9%	24.7%	25.7%
Natural resources, construction, and maintenance occupations	11.5%	7.4%	7.5%
Production, transportation, and material moving occupations	18.6%	11.6%	10.4%

Source: US Census Bureau, 2008-2012 American Community Survey

Table 15: Commuting to Work: Newark, Essex County, and New Jersey, 2012

Method of Transportation	Newark City	Essex County	New Jersey
Car, truck, or van (drove alone)	48.5%	61.5%	71.8%
Car, truck, or van (carpooled)	12.5%	8.8%	8.7%
Public transportation (excluding taxicab)	26.9%	20.3%	10.7%
Walked	8.0%	4.4%	3.2%
Other means	2.6%	2.0%	1.9%
Worked at home	1.6%	3.0%	3.7%

Source: US Census Bureau, 2008-2012 American Community Survey

Table 16: Per Capita and Household Income of Residents: Newark, Essex County, & New Jersey, 2012

	Newark City	Essex County	New Jersey
Per capita income	$17,161	$32,171	$35,928
Median Household Income	$34,387	$55,027	$71,637
Percentage of Individuals in Poverty: Newark, Essex County, and New Jersey, 2012			
Under 18 years	39%	22%	14%
18 years and over	24%	14%	9%
People in families	26%	14%	8%
Unrelated individuals 15 years and over	37%	27%	20%
All people	28%	16%	10%

Source: US Census Bureau, 2008-2012 American Community Survey

Table 17: Percentage of Families in Poverty, Newark Essex County, and New Jersey, 2012

	Newark City	Essex County	New Jersey
With related children under 18 years	34%	19%	11%
Married couple families	11%	5%	3%
Families with female householder, no husband present	39%	29%	22%
All families	25%	13%	7%

Source: US Census Bureau, 2008-2012 American Community Survey

Table 18: Housing Vacancy Rates in Newark, Essex County, and New Jersey, 2008-2012

	Newark City		Essex County		New Jersey	
	Count	Percentage	Count	Percentage	Count	Percentage
Total Housing Units	110,058		312,940		3,555,864	
Total Occupied Units	92,303	83.9%	277,453	88.7%	3,186,878	89.6%
Vacant Units	17,755	16.1%	35,487	11.3%	368,986	10.4%

Source: US Census Bureau, 2008-2012 American Community Survey

Table 19: Year Housing Structures Built in Newark, Essex County, and NJ, 2008-2012

	Newark City		Essex County		New Jersey	
Year	Count	Percentage	Count	Percentage	Count	Percentage
2010 or later	222	0.2%	500	0.2%	6515	0.2%
2000-2009	13,808	12.5%	23,476	7.5%	330,415	9.3%
1990-1999	7,165	6.5%	14,530	4.6%	315,099	8.9%
1980-1989	6,271	5.7%	17,218	5.5%	411,195	11.6%
1970-1979	10,475	9.5%	27,385	8.8%	461,365	13.0%
1960-1969	13,622	12.4%	40,731	13.0%	502,883	14.1%
1950-1959	14,995	13.6%	53,468	17.1%	568,181	16.0%
1940-1949	15,559	14.1%	44,464	14.2%	308,961	8.7%
1939 or earlier	27,941	25.4%	91,168	29.1%	651,250	18.3%

Source: US Census Bureau, 2008-2012 American Community Survey

Table 20: Selected Housing Characteristics, Newark 2008-2012

	Count	**Percentage**
Lacking complete plumbing facilities	1,008	1.1%
Lacking complete kitchen facilities	1,458	1.6%
No telephone service	3,198	3.5%
Occupied housing units (total)	92,303	92,303

Source: US Census Bureau, 2008-2012 American Community Survey

Table 21: Renter Occupied and Owner Occupied Housing in Newark, Essex County, and New Jersey, 2012

	Newark City		Essex County		New Jersey	
	Count	Percentage	Count	Percentage	Count	Percentage
Owner Occupied	21,652	19.7%	128,117	40.9%	2,108,166	59.3%
Renter Occupied	70,651	64.2%	149,336	47.7%	1,078,712	30.3%

Source: US Census Bureau, 2008-2012 American Community Survey

Table 22: Value of Owner Occupied Units in Newark, Essex, and New Jersey, 2008-2012

	Newark City		Essex County		New Jersey	
Value of Owner Occupied Units	Count	Percentage	Count	Percentage	Count	Percentage
Less than $50,000	557	2.6%	1,601	1.25%	42,258	2.0%
$50,000 to $99,999	687	3.2%	1,894	1.48%	56,982	2.7%
$100,000 to $149,999	1,834	8%	4567	3.56%	100,199	4.8%
$150,000 to $199,999	3,515	16.23%	8683	6.78%	182,162	8.6%
$200,000 to $299,999	6,994	32.30%	24460	19.09%	490,718	23.3%
$300,000 to $499,999	6,943	32.07%	49532	38.66%	772834	36.7%
$500,000 to $999,999	1,055	4.87%	31,144	24.31%	395,779	18.8%
$1,000,000 or more	67	0.31%	6,236	4.87%	67,234	3.19%
Number of Owner-occupied units	21,652		128,117		2,108,166	

Source: US Census Bureau, 2008-2012 American Community Survey

Table 23: Selected Monthly Owners Costs as a Percentage of Household Income (units with mortgage) in Newark, Essex County, and New Jersey, 2008-2012

	Newark City		Essex County		New Jersey	
	Count	Percentage	Count	Percentage	Count	Percentage
Less than 20.0 percent	2,636	16.6%	21,244	22.6%	375,915	25.3%
20.0 to 24.9 percent	1,503	9.4%	12,575	13.4%	228,208	15.3%
25.0 to 29.9 percent	1,343	8.4%	11,109	11.8%	198,967	13.4%
30.0 to 34.9 percent	1,558	9.8%	9,538	10.1%	155,633	10.5%
35.0 percent or more	8,878	55.8%	39,507	42.0%	528,672	35.5%
Total Units	15,918		93,973		1,487,395	

Source: US Census Bureau, 2008-2012 American Community Survey

Table 24: Selected Monthly Owners Costs as a Percentage of Household Income (units without mortgage) in Newark, Essex County, and New Jersey, 2008-2012

	Newark City		Essex County		New Jersey	
	Count	Percentage	Count	Percentage	Count	Percentage
Less than 10.0 percent	856	15.7%	6,722	20.2%	125,269	20.5%
10.0 to 14.9 percent	944	17.3%	5,945	17.9%	111,571	18.3%
15.0 to 19.9 percent	573	10.5%	3,998	12.0%	86,808	14.2%
20.0 to 24.9 percent	603	11.1%	3,253	9.8%	62,928	10.3%
25.0 to 29.9 percent	475	8.7%	2,377	7.1%	44,727	7.3%
30.0 to 34.9 percent	315	5.8%	1,615	4.9%	33,602	5.5%
35.0 percent or more	1,683	30.9%	9,372	28.2%	145,231	23.8%
Housing units without a mortgage	5,449		33,282		610,136	

Source: US Census Bureau, 2008-2012 American Community Survey

Table 25: Gross Rent as a Percentage of Household Income in City, County, and State 2008-2012

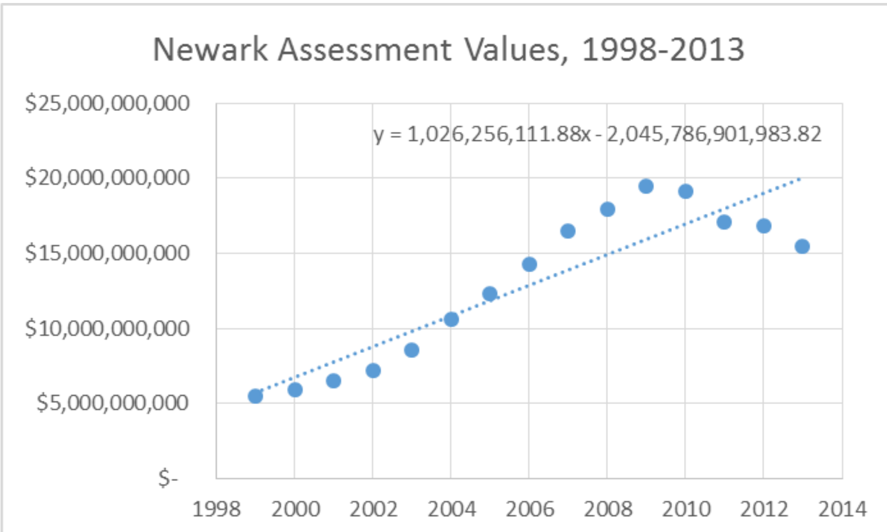
	Newark City		Essex County		New Jersey	
	Count	Percentage	Count	Percentage	Count	Percentage
Less than 15.0 percent	7,565	11.2%	15,608	10.9%	115,253	11.3%
15.0 to 19.9 percent	6,698	9.9%	15,457	10.8%	121,634	11.9%
20.0 to 24.9 percent	6,788	10.0%	16,130	11.3%	127,123	12.4%
25.0 to 29.9 percent	7,737	11.4%	16,771	11.8%	113,010	11.1%
30.0 to 34.9 percent	6,910	10.2%	13,323	9.3%	93,167	9.1%
35.0 percent or more	31,905	47.2%	65,314	45.8%	451,516	44.2%
Occupied units paying rent	67,603		142,603		1,021,703	

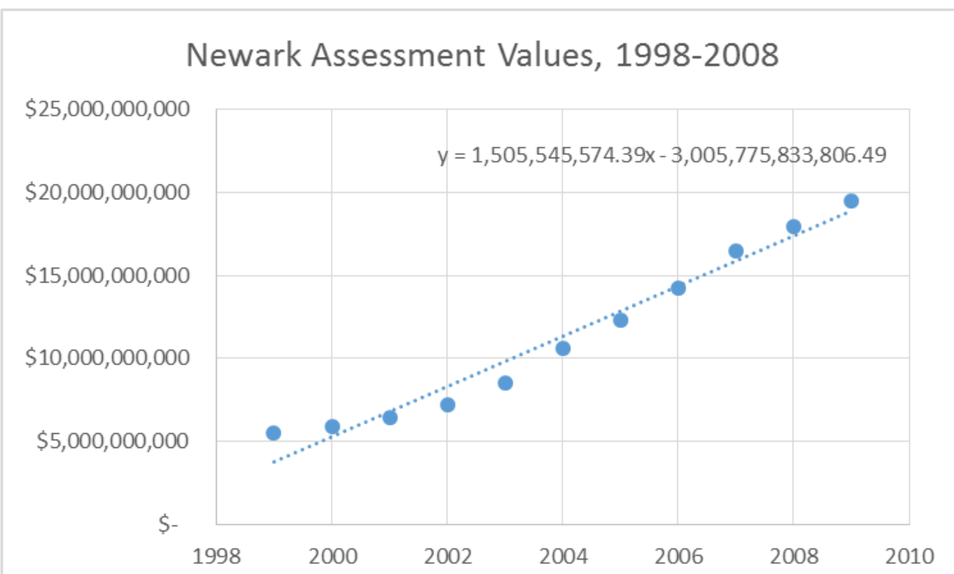
Source: US Census Bureau, 2008-2012 American Community Survey

Table 26 and Graphs: City Wide Assessed Property Value, Newark 1999-2013

Year	Assessed Value
1999	$ 5,500,037,888
2000	$ 5,911,197,894
2001	$ 6,483,722,744

2002	$ 7,211,700,237
2003	$ 8,556,860,403
2004	$ 10,645,890,709
2005	$ 12,290,626,140
2006	$ 14,262,583,505
2007	$ 16,479,325,288
2008	$ 17,919,971,676
2009	$19,450,553,518
2010	$ 19,166,383,151
2011	$ 17,120,880,697
2012	$ 16,805,296,955
2013	$ 15,437,845,761





First graph is a graph based from Table 28 and used to determine the assessment value growth rate assumption used in Scenario 1 of TIF section. Second graph is a similar graph showing historic assessment value trends but this time over a shorter time span, only showing the years when assessment values were increasing. This trendline was used to create the assumption for assessment value growth rate used in scenario 2.

To calculate assumptions for assessment value growth rate in each scenario the change rate of both was taken and divided by each yearly to get an estimated percent of change for each year. An average of these numbers was then taken and used for the assumption value.

Table 27: Municipal County-Wide Tax Base Sharing

Scenario 2: County-Wide Tax Base Sharing, Municipal	
Newark Municipal Property Tax Levy 2013	$188,803,048.84
Newark Total Property Tax Levy 2013	$383,160,331.32
Newark Equalized Property Tax Base Value 2013	$15,437,845,761.00
Newark Equalized Property Tax Rate	1.223%
Essex County Property Tax Levy 2013	$811,825,910.48
Essex County Equalized Property Tax Base Value 2013	$84,691,466,370.00
Essex County Equalized Property Tax Rate	0.959%
County Rate/Newark Rate Change	-21.621%
Percent of Municipal 2013 Levy	78.38%
Municipal Levy as % of Total Levy	49.28%
Reduction in Total Levy when Shared Rate Applied	-$40,820,687.36
New Levy	$342,339,643.96
New Equalized Total Tax Rate	2.218%
2013 Equalized Total Tax Rate	2.482%
New as % of 2013	89.34%

Table 28: Multi-county Tax Base Sharing

Scenario 3: Essex, Multi-County Tax Base Sharing Agreement, Municipal	
Essex County Municipal Property Tax Levy 2013	$811,825,910.48
Essex County Equalized Property Tax Base Value 2013	$84,691,466,370.00
Essex County Equalized Municipal Property Tax Rate	0.96%
Morris County Municipal Property Tax Levy 2013	$435,709,543.58
Morris County Equalized Property Tax Base Value	$90,780,233,689.00
Morris County Equalized Municipal Property Tax Rate	0.48%
Bergen County Municipal Property Tax Levy	$1,065,348,586.31
Bergen County Equalized Property Tax Base Value	$165,008,934,260.00
Bergen County Equalized Municipal Property Tax Rate	0.65%
Tri-County Municipal Tax Levy	$2,312,884,040.37
Tri-County Equalized Property Tax Base Value	$340,480,634,319.00
Tri-County Equalized Municipal Property Tax Rate	0.68%
Newark Municipal Property Tax Levy 2013	$188,803,048.84
Newark Total Property Tax Levy 2013	$383,160,331.32
Newark Equalized Property Tax Base Value 2013	$15,437,845,761.00
Newark Equalized Municipal Property Tax Rate	1.223%
Tri-County Mun Rate as % of Newark Rate	55.54%
Adjusted Newark Municpal Levy	$104,869,245.06
Difference Adjusted and 2013 Municipal Levy	$83,933,803.78

Total Tax Levy Minus Difference	$299,226,527.54
Adjusted Total Tax Rate	1.94%
2013 Equalized Total Tax Rate	2.482%
Adjusted as % of 2013	78.09%

Appendix B

Proformas

Base Case: Creative Confluence

Creative Confluence Newark, NJ Building Pro Forma				monthly rent
Retail/Restaurant	59650	Units	13	$ 8,000.00
Gallery/Performance	59650	Units	9	$ 5,000.00
Amenity	59650			
Live/Work	59650	Units	49	$ 1,500.00
Parking	310500	Spaces	1050	$ 100.00
Apartments	795050	Units	1022	$ 1,200.00
unit	1093	1,106		
Gross Area	1344150			
rentable	1209735	90%		

					Construction		Operation										
Growth Assumptions					**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**year 7**	**year 8**	**year 9**	**year 10**	**year 11**	**year 12**	
	Growth Rate				2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	
	Expense Growth Rate						2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	
	Purchase of Existing Bldg		(use Madison bldg*22)		$ (21,450,000.00)												
	Construction	248	(DEVCO cost on 15 Washinton		$ (166,674,600.00)	$ (166,674,600.00)											
					$ 67,411,848.00												
					66669840												
Gross Potential Retail Rent		12					$ 1,333,177.50	$ 1,359,841.05	$ 1,400,636.28	$ 1,442,655.37	$ 1,485,935.03	$ 1,530,513.08	$ 1,576,428.47	$ 1,623,721.33	$ 1,672,432.97	$ 1,722,605.96	$ 1,774,284.14
	Vacancy/Credit Loss (% of Gross Rent)			4%			$ (53,327.10)	$ (54,393.64)	$ (56,025.45)	$ (57,706.21)	$ (59,437.40)	$ (61,220.52)	$ (63,057.14)	$ (64,948.85)	$ (66,897.32)	$ (68,904.24)	$ (70,971.37)
	Net Rental Income						$ 1,279,850.40	$ 1,305,447.41	$ 1,344,610.83	$ 1,384,949.16	$ 1,426,497.63	$ 1,469,292.56	$ 1,513,371.34	$ 1,558,772.48	$ 1,605,535.65	$ 1,653,701.72	$ 1,703,312.77
Gross Potential Apartment Rent		12					$ 14,719,782.86	$ 14,719,782.86	$ 15,161,376.34	$ 15,616,217.63	$ 16,084,704.16	$ 16,567,245.29	$ 17,064,262.65	$ 17,576,190.52	$ 18,103,476.24	$ 18,646,580.53	$ 19,205,977.94
	Vacancy/Credit Loss (% of Gross Rent)			4%			$ (588,791.31)	$ (588,791.31)	$ (606,455.05)	$ (624,648.71)	$ (643,388.17)	$ (662,689.81)	$ (682,570.51)	$ (703,047.62)	$ (724,139.05)	$ (745,863.22)	$ (768,239.12)
	Net Rental Income						$ 14,130,991.54	$ 14,130,991.54	$ 14,554,921.29	$ 14,991,568.93	$ 15,441,316.00	$ 15,904,555.48	$ 16,381,692.14	$ 16,873,142.90	$ 17,379,337.19	$ 17,900,717.31	$ 18,437,738.83
Gross Potential Live/Work Rent		12					$ 878,481.82	$ 896,051.45	$ 913,972.48	$ 932,251.93	$ 950,896.97	$ 969,914.91	$ 989,313.21	$ 1,009,099.47	$ 1,029,281.46	$ 1,049,867.09	$ 1,070,864.43
	Vacancy/Credit Loss (% of Gross Rent)			4%			$ (35,139.27)	$ (35,842.06)	$ (36,558.90)	$ (37,290.08)	$ (38,035.88)	$ (38,796.60)	$ (39,572.53)	$ (40,363.98)	$ (41,171.26)	$ (41,994.68)	$ (42,834.58)
	Net Rental Income						$ 843,342.55	$ 860,209.40	$ 877,413.58	$ 894,961.86	$ 912,861.09	$ 931,118.31	$ 949,740.68	$ 968,735.49	$ 988,110.20	$ 1,007,872.41	$ 1,028,029.86
Gross Potential Parking Rent		12					$ 1,260,000.00	$ 1,285,200.00	$ 1,310,904.00	$ 1,337,122.08	$ 1,363,864.52	$ 1,391,141.81	$ 1,418,964.65	$ 1,447,343.94	$ 1,476,290.82	$ 1,505,816.64	$ 1,535,932.97
	Net Rental Income						$ 1,260,000.00	$ 1,285,200.00	$ 1,310,904.00	$ 1,337,122.08	$ 1,363,864.52	$ 1,391,141.81	$ 1,418,964.65	$ 1,447,343.94	$ 1,476,290.82	$ 1,505,816.64	$ 1,535,932.97
Gross Rent-All Sources							$ 17,514,184.49	$ 17,581,848.35	$ 18,087,849.70	$ 18,608,602.02	$ 19,144,539.24	$ 19,696,108.16	$ 20,263,768.80	$ 20,847,994.82	$ 21,449,273.87	$ 22,068,108.07	$ 22,705,014.42
Operating Expenses																	
	tax	0.02125	80% of 2.5% PILOT				$ 5,316,806.01	$ 5,423,142.13	$ 5,531,604.97	$ 5,642,237.07	$ 5,755,081.81	$ 5,870,183.44	$ 5,987,587.11	$ 6,107,338.86	$ 6,229,485.63	$ 6,354,075.35	$ 6,481,156.85
	other expenses	0.01					$ 175,141.84	$ 178,644.68	$ 182,217.58	$ 185,861.93	$ 189,579.17	$ 193,370.75	$ 197,238.16	$ 201,182.93	$ 205,206.59	$ 209,310.72	$ 213,496.93
	free rent	(one month for first year)					$ 1,451,962.89										
	lag	(50% in 6 months)					$ 4,378,546.12										
	leasing cost	4.5%					$ 1,232,070.75	0	0	0	0	0	0	0	0	0	0
	Total						$ (12,554,527.61)	$ (5,601,786.81)	$ (5,713,822.54)	$ (5,828,098.99)	$ (5,944,660.97)	$ (6,063,554.19)	$ (6,184,825.28)	$ (6,308,521.78)	$ (6,434,692.22)	$ (6,563,386.06)	$ (6,694,653.78)
Net Operating Income (NOI)							$ 4,959,656.88	$ 11,980,061.54	$ 12,374,027.16	$ 12,780,503.02	$ 13,199,878.27	$ 13,632,553.97	$ 14,078,943.53	$ 14,539,473.03	$ 15,014,581.65	$ 15,504,722.01	$ 16,010,360.64
Capital Expense Reserve			100				$ (109,338.04)	$ (109,338.04)	$ (109,338.04)	$ (109,338.04)	$ (109,338.04)	$ (109,338.04)	$ (109,338.04)	$ (109,338.04)	$ (109,338.04)	$ (109,338.04)	$ (109,338.04)
Cash Flow					$ (120,712,752.00)	$ (166,674,600.00)	$ 4,850,318.83	$ 11,870,723.50	$ 12,264,689.12	$ 12,671,164.98	$ 13,090,540.22	$ 13,523,215.92	$ 13,969,605.48	$ 14,430,134.99	$ 14,905,243.60	$ 15,395,383.96	$ 15,901,022.59
	R																
Cap Rate				6%													
Sales Price														$ 250,243,027.45			
Closing Costs as % of Sale Price				2%										$ (5,004,860.55)			
Total Sale Proceeds														$ 245,238,166.90			
Total Cash Flow Including Sale Proceeds					$ (120,712,752.00)	$ (166,674,600.00)	$ 4,850,318.83	$ 11,870,723.50	$ 12,264,689.12	$ 12,671,164.98	$ 13,090,540.22	$ 13,523,215.92	$ 13,969,605.48	$ 259,668,301.89			
Unlevered IRR				2%													
					$ (287,387,352.00)												

Base Case: Scholars' Village

Scholars Village Newark, NJ Building Pro Forma				monthly rent
Retail/Restaurant	5000	Units	1	$ 8,000.00
Library	5000			$ -
Apartments	198000	Units	255	$ 1,200.00
unit	284	732		
Gross Area	208000			
rentable	187200	90%		

						Construction		Operation										
Growth Assumptions						Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	year 7	year 8	year 9	year 10	year 11	year 12	
	Growth Rate							2%	2%	2%	2%	2%	2%	2%	2%	2%		
	Expense Growth Rate							2%	2%	2%	2%	2%	2%	2%	2%	2%		
	Purchase of Existing Bldg			(use Madison bldg(975000*		$ (4,875,000.00)												
	Construction		248	(DEVCO cost on 15 Washint		$ (25,792,000.00)	$ (25,792,000.00)											
	Historic Tax Credits					$ 11,291,800.00												
						$ 6,416,800.00	$ (19,375,200.00)											
Gross Potential Retail Rent			12					$ 120,000.00	$ 122,400.00	$ 124,848.00	$ 127,344.96	$ 129,891.86	$ 132,489.70	$ 135,139.49	$ 137,842.28	$ 140,599.13	$ 140,599.13	$ 140,599.13
	Vacancy/Credit Loss (% of Gross Rent)				4%			$ (4,800.00)	$ (4,896.00)	$ (4,993.92)	$ (5,093.80)	$ (5,195.67)	$ (5,299.59)	$ (5,405.58)	$ (5,513.69)	$ (5,623.97)	$ (5,623.97)	$ (5,623.97)
	Net Rental Income							$ 115,200.00	$ 117,504.00	$ 119,854.08	$ 122,251.16	$ 124,696.18	$ 127,190.11	$ 129,733.91	$ 132,328.59	$ 134,975.16	$ 134,975.16	$ 134,975.16
Gross Potential Apartment Rent			12					$ 3,665,828.57	$ 3,665,828.57	$ 3,775,803.43	$ 3,889,077.53	$ 4,005,749.86	$ 4,125,922.35	$ 4,249,700.02	$ 4,377,191.02	$ 4,508,506.76	$ 4,643,761.96	$ 4,783,074.82
	Vacancy/Credit Loss (% of Gross Rent)				4%			$ (146,633.14)	$ (146,633.14)	$ (151,032.14)	$ (155,563.10)	$ (160,229.99)	$ (165,036.89)	$ (169,988.00)	$ (175,087.64)	$ (180,340.27)	$ (185,750.48)	$ (191,322.99)
	Net Rental Income							$ 3,519,195.43	$ 3,519,195.43	$ 3,624,771.29	$ 3,733,514.43	$ 3,845,519.86	$ 3,960,885.46	$ 4,079,712.02	$ 4,202,103.38	$ 4,328,166.48	$ 4,458,011.48	$ 4,591,751.82
Gross Potential Rent								$ 3,634,395.43	$ 3,636,699.43	$ 3,744,625.37	$ 3,855,765.59	$ 3,970,216.05	$ 4,088,075.57	$ 4,209,445.93	$ 4,334,431.97	$ 4,463,141.65	$ 4,592,986.64	$ 4,726,726.98
Operating Expenses																		
	tax		0.020	PILOT @ 80%				$ (1,211,465.14)	$ (1,235,694.45)	$ (1,260,408.33)	$ (1,285,616.50)	$ (1,311,328.83)	$ (1,337,555.41)	$ (1,364,306.52)	$ (1,391,592.65)	$ (1,419,424.50)	$ (1,447,812.99)	$ (1,476,769.25)
	other expenses		0.01		0			$ (36,343.95)	$ (37,070.83)	$ (37,812.25)	$ (38,568.50)	$ (39,339.86)	$ (40,126.66)	$ (40,929.20)	$ (41,747.78)	$ (42,582.73)	$ (43,434.39)	$ (44,303.08)
	free rent	(one month for first year)						$ (293,266.29)										
	lag	(50% in 6 months)						$ (908,598.86)										
	leasing cost		4.5%					$ (64,800.00)	0	0	0	0	0	0	0	0	0	0
	Total							$ 2,514,474.24	$ 1,272,765.28	$ 1,298,220.58	$ 1,324,185.00	$ 1,350,668.70	$ 1,377,682.07	$ 1,405,235.71	$ 1,433,340.43	$ 1,462,007.23	$ 1,491,247.38	$ 1,521,072.33
Net Operating Income (NOI)								$ 1,119,921.19	$ 2,363,934.15	$ 2,446,404.79	$ 2,531,580.60	$ 2,619,547.35	$ 2,710,393.50	$ 2,804,210.22	$ 2,901,091.55	$ 3,001,134.41	$ 3,101,739.26	$ 3,205,654.66
Capital Expense Reserve				100				$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)
Cash Flow						$ (30,667,000.00)	$ (25,792,000.00)	$ 1,091,521.19	$ 2,335,534.15	$ 2,418,004.79	$ 2,503,180.60	$ 2,591,147.35	$ 2,681,993.50	$ 2,775,810.22	$ 2,872,691.55	$ 2,972,734.41	$ 3,073,339.26	$ 3,177,254.66
Cap Rate					6%													
Sales Price															$ 50,018,906.85			
Closing Costs as % of Sale Price					2%										$ (1,000,378.14)			
Total Sale Proceeds															$ 49,018,528.72			
Total Cash Flow Including Sale Proceeds						$ (30,667,000.00)	$ (25,792,000.00)	$ 1,091,521.19	$ 2,335,534.15	$ 2,418,004.79	$ 2,503,180.60	$ 2,591,147.35	$ 2,681,993.50	$ 2,775,810.22	$ 51,891,220.26			
Unlevered IRR					3%													

Twenty Percent Affordable: Creative Confluence

Creative Confluence Newark, NJ Building Pro Forma				monthly rent
Retail/Restaurant	59650	Units	13	$ 40,000.00
Gallary/Performance	59650	Units	9	$ 6,000.00
Amenity	59650			
Live/Work	59650	Units	39	$ 1,500.00
Live/Work Affordable			10	$ 900.00
Parking	310500	Spaces	1050	$ 100.00
1 Bedroom Apts	198762.5	Units	119	$ 1,300.00
1 Bedroom Affordable			30	$ 780.00
2 Bedroom Apts	198762.5	Units	95	$ 1,600.00
2 Bedroom Affordable			24	$ 960.00
3 Bedroom Apts	79505	Units	38	$ 1,900.00
3 Bed Affordable			10	$ 1,140.00
Studio Apts	318020	Units	327	$ 1,000.00
Studio Affordable			82	$ 600.00
unit	389	3114		
Gross Area	1344150			
rentable	1209735	90%		

					Construction		Operation										
Growth Assumptions					Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	year 7	year 8	year 9	year 10	year 11	year 12	
	Growth Rate				2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	
	Expense Growth Rate						2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	
	Purchase of Existing Bldg		(use Madison bldg*22)		$ (21,450,000.00)												
	Construction Loan	248	(DEVCO cost on 15 Washinton		$ (121,454,760.00)	$ (166,674,600.00)											
	Equity Position				$ (66,669,840.00)												
Gross Potential Retail Rent		12					$ 6,495,885.00	$ 6,625,802.70	$ 6,824,576.78	$ 7,029,314.08	$ 7,240,193.51	$ 7,457,399.31	$ 7,681,121.29	$ 7,911,554.93	$ 8,148,901.58	$ 8,393,368.63	$ 8,645,169.68
	Vacancy/Credit Loss (% of Gross Rent)			4%			$ (259,835.40)	$ (265,032.11)	$ (272,983.07)	$ (281,172.56)	$ (289,607.74)	$ (298,295.97)	$ (307,244.85)	$ (316,462.20)	$ (325,956.06)	$ (335,734.75)	$ (345,806.79)
	Net Rental Income						$ 6,236,049.60	$ 6,360,770.59	$ 6,551,593.71	$ 6,748,141.52	$ 6,950,585.77	$ 7,159,103.34	$ 7,373,876.44	$ 7,595,092.73	$ 7,822,945.52	$ 8,057,633.88	$ 8,299,362.90
Gross Potential Studio Apartment Rent		12					$ 4,514,910.17	$ 4,514,910.17	$ 4,650,357.48	$ 4,789,868.20	$ 4,933,564.25	$ 5,081,571.17	$ 5,234,018.31	$ 5,391,038.86	$ 5,552,770.02	$ 5,719,353.13	$ 5,890,933.72
	Vacancy/Credit Loss (% of Gross Rent)			4%			$ (180,596.41)	$ (180,596.41)	$ (186,014.30)	$ (191,594.73)	$ (197,342.57)	$ (203,262.85)	$ (209,360.73)	$ (215,641.55)	$ (222,110.80)	$ (228,774.13)	$ (235,637.35)
	Net Rental Income						$ 4,334,313.76	$ 4,334,313.76	$ 4,464,343.18	$ 4,598,273.47	$ 4,736,221.68	$ 4,878,308.33	$ 5,024,657.58	$ 5,175,397.30	$ 5,330,659.22	$ 5,490,579.00	$ 5,655,296.37
Gross Potential Live/Work Rent		12					$ 810,314.18	$ 826,520.47	$ 843,050.87	$ 859,911.89	$ 877,110.13	$ 894,652.33	$ 912,545.38	$ 930,796.29	$ 949,412.21	$ 968,400.46	$ 987,768.47
	Vacancy/Credit Loss (% of Gross Rent)			4%			$ (32,412.57)	$ (33,060.82)	$ (33,722.03)	$ (34,396.48)	$ (35,084.41)	$ (35,786.09)	$ (36,501.82)	$ (37,231.85)	$ (37,976.49)	$ (38,736.02)	$ (39,510.74)
	Net Rental Income						$ 777,901.61	$ 793,459.65	$ 809,328.84	$ 825,515.42	$ 842,025.72	$ 858,866.24	$ 876,043.56	$ 893,564.44	$ 911,435.72	$ 929,664.44	$ 948,257.73
Gross Potential 1 Bed Rent		12					$ 2,138,806.80	$ 2,181,582.94	$ 2,225,214.59	$ 2,269,718.89	$ 2,315,113.26	$ 2,361,415.53	$ 2,408,643.84	$ 2,456,816.72	$ 2,505,953.05	$ 2,556,072.11	$ 2,607,193.55
	Vacancy/Credit Loss (% of Gross Rent)			4%			$ (85,552.27)	$ (87,263.32)	$ (89,008.58)	$ (90,788.76)	$ (92,604.53)	$ (94,456.62)	$ (96,345.75)	$ (98,272.67)	$ (100,238.12)	$ (102,242.88)	$ (104,287.74)
	Net Rental Income						$ 2,053,254.53	$ 2,094,319.62	$ 2,136,206.01	$ 2,178,930.13	$ 2,222,508.73	$ 2,266,958.91	$ 2,312,298.09	$ 2,358,544.05	$ 2,405,714.93	$ 2,453,829.23	$ 2,502,905.81
Gross Potential 2 Bed Rent		12					$ 2,103,598.08	$ 2,145,670.04	$ 2,188,583.44	$ 2,232,355.11	$ 2,277,002.21	$ 2,322,542.26	$ 2,368,993.10	$ 2,416,372.96	$ 2,464,700.42	$ 2,513,994.43	$ 2,564,274.32
	Vacancy/Credit Loss (% of Gross Rent)			4%			$ (84,143.92)	$ (85,826.80)	$ (87,543.34)	$ (89,294.20)	$ (91,080.09)	$ (92,901.69)	$ (94,759.72)	$ (96,654.92)	$ (98,588.02)	$ (100,559.78)	$ (102,570.97)
	Net Rental Income						$ 2,019,454.16	$ 2,059,843.24	$ 2,101,040.10	$ 2,143,060.91	$ 2,185,922.12	$ 2,229,640.57	$ 2,274,233.38	$ 2,319,718.05	$ 2,366,112.41	$ 2,413,434.66	$ 2,461,703.35
Gross Potential 3 Bed Rent		12					$ 1,004,681.09	$ 1,024,774.71	$ 1,045,270.20	$ 1,066,175.61	$ 1,087,499.12	$ 1,109,249.10	$ 1,131,434.08	$ 1,154,062.77	$ 1,177,144.02	$ 1,200,686.90	$ 1,224,700.64
	Vacancy/Credit Loss (% of Gross Rent)			4%			$ (40,187.24)	$ (40,990.99)	$ (41,810.81)	$ (42,647.02)	$ (43,499.96)	$ (44,369.96)	$ (45,257.36)	$ (46,162.51)	$ (47,085.76)	$ (48,027.48)	$ (48,988.03)
	Net Rental Income						$ 964,493.84	$ 983,783.72	$ 1,003,459.40	$ 1,023,528.58	$ 1,043,999.16	$ 1,064,879.14	$ 1,086,176.72	$ 1,107,900.26	$ 1,130,058.26	$ 1,152,659.43	$ 1,175,712.61
Gross Potential Parking Rent		12					$ 1,260,000.00	$ 1,285,200.00	$ 1,310,904.00	$ 1,337,122.08	$ 1,363,864.52	$ 1,391,141.81	$ 1,418,964.65	$ 1,447,343.94	$ 1,476,290.82	$ 1,505,816.64	$ 1,535,932.97
	Net Rental Income						$ 1,260,000.00	$ 1,285,200.00	$ 1,310,904.00	$ 1,337,122.08	$ 1,363,864.52	$ 1,391,141.81	$ 1,418,964.65	$ 1,447,343.94	$ 1,476,290.82	$ 1,505,816.64	$ 1,535,932.97
Gross Rent-All Sources							$ 17,645,467.51	$ 17,911,690.58	$ 18,376,875.24	$ 18,854,572.11	$ 19,345,127.70	$ 19,848,898.33	$ 20,366,250.42	$ 20,897,560.76	$ 21,443,216.88	$ 22,003,617.27	$ 22,579,171.74
Operating Expenses																	
	tax	0.02953					$ 7,443,866.51	$ 7,592,743.84	$ 7,744,598.71	$ 7,899,490.69	$ 8,057,480.50	$ 8,218,630.11	$ 8,383,002.71	$ 8,550,662.77	$ 8,721,676.02	$ 8,896,109.54	$ 9,074,031.74
	other expenses	0.01					$ 176,454.68	$ 179,983.77	$ 183,583.44	$ 187,255.11	$ 191,000.22	$ 194,820.22	$ 198,716.62	$ 202,690.96	$ 206,744.78	$ 210,879.67	$ 215,097.26
	free rent	(one month for first year)					$ 976,206.74										
	lag	(50% in 6 months)					$ 4,411,366.88										
	leasing cost	4.5%					$ 4,783,333.50	0	0	0	0	0	0	0	0	0	0
	Total						$(17,791,228.30)	$ (7,772,727.61)	$ (7,928,182.16)	$ (8,086,745.80)	$ (8,248,480.72)	$ (8,413,450.33)	$ (8,581,719.34)	$ (8,753,353.73)	$ (8,928,420.80)	$ (9,106,989.22)	$ (9,289,129.00)
Net Operating Income (NOI)							$ (145,760.79)	$ 10,138,962.98	$ 10,448,693.08	$ 10,767,826.31	$ 11,096,646.99	$ 11,435,448.00	$ 11,784,531.08	$ 12,144,207.04	$ 12,514,796.08	$ 12,896,628.05	$ 13,290,042.74
Capital Expense Reserve			100				$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)
Cash Flow					$ (188,124,600.00)	$ (166,674,600.00)	$ (184,612.66)	$ 10,100,111.11	$ 10,409,841.21	$ 10,728,974.44	$ 11,057,795.12	$ 11,396,596.13	$ 11,745,679.21	$ 12,105,355.17	$ 12,475,944.21	$ 12,857,776.18	$ 13,251,190.87
	R																
Cap Rate				8%													
Sales Price														$ 156,434,951.01			
Closing Costs as % of Sale Price				2%										$ (3,128,699.02)			
Total Sale Proceeds														$ 153,306,251.99			
Total Cash Flow Including Sale Proceeds					$ (188,124,600.00)	$ (166,674,600.00)	$ (184,612.66)	$ 10,100,111.11	$ 10,409,841.21	$ 10,728,974.44	$ 11,057,795.12	$ 11,396,596.13	$ 11,745,679.21	$ 165,411,607.16			
Unlevered IRR				-5.5%													
Total Project Cost					$ (354,799,200.00)												

Twenty Percent Affordable: Scholars' Village

Scholars Village Newark, NJ Building Pro Forma				**monthly rent**
Retail/Restaurant	5000	Units	1	$ 50,000.00
Library	5000			$ -
Studio Apartments	138600	Units	143	$ 900.00
Studio Affordable			35	$ 540.00
1 Bed Apts	59400	Units	43	$ 1,200.00
1 Bed Affordable			10	$ 780.00
unit	284	523		
Gross Area	148600			
rentable	133740	90%		

						Construction		Operation										
Growth Assumptions						Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	year 7	year 8	year 9	year 10	year 11	year 12	
	Growth Rate							2%	2%	2%	2%	2%	2%	2%	2%	2%		
	Expense Growth Rate							2%	2%	2%	2%	2%	2%	2%	2%	2%		
	Purchase of Existing Bldg			(use Madison bldg(975000*		$ (4,875,000.00)												
	Construction		248	(DEVCO cost on 15 Washint		$ 19,375,200.00	$ 25,792,000.00											
	Equity Position					$ (11,291,800.00)												
Gross Potential Retail Rent			12					$ 750,000.00	$ 765,000.00	$ 780,300.00	$ 795,906.00	$ 811,824.12	$ 828,060.60	$ 844,621.81	$ 861,514.25	$ 878,744.54	$ 878,744.54	$ 878,744.54
	Vacancy/Credit Loss (% of Gross Rent)				4%			$ (30,000.00)	$ (30,600.00)	$ (31,212.00)	$ (31,836.24)	$ (32,472.96)	$ (33,122.42)	$ (33,784.87)	$ (34,460.57)	$ (35,149.78)	$ (35,149.78)	$ (35,149.78)
	Net Rental Income							$ 720,000.00	$ 734,400.00	$ 749,088.00	$ 764,069.76	$ 779,351.16	$ 794,938.18	$ 810,836.94	$ 827,053.68	$ 843,594.75	$ 843,594.75	$ 843,594.75
Gross Potential Studio Apartment Rent			12					$ 1,769,299.20	$ 1,769,299.20	$ 1,822,378.18	$ 1,877,049.52	$ 1,933,361.01	$ 1,991,361.84	$ 2,051,102.69	$ 2,112,635.77	$ 2,176,014.85	$ 2,241,295.29	$ 2,308,534.15
	Vacancy/Credit Loss (% of Gross Rent)				4%			$ (70,771.97)	$ (70,771.97)	$ (72,895.13)	$ (75,081.98)	$ (77,334.44)	$ (79,654.47)	$ (82,044.11)	$ (84,505.43)	$ (87,040.59)	$ (89,651.81)	$ (92,341.37)
	Net Rental Income							$ 1,698,527.23	$ 1,698,527.23	$ 1,749,483.05	$ 1,801,967.54	$ 1,856,026.57	$ 1,911,707.36	$ 1,969,058.58	$ 2,028,130.34	$ 2,088,974.25	$ 2,151,643.48	$ 2,216,192.78
Gross Potential 1 Bed Apartment Rent			12					$ 711,630.72	$ 725,863.33	$ 740,380.60	$ 755,188.21	$ 770,291.98	$ 785,697.82	$ 801,411.77	$ 817,440.01	$ 833,788.81	$ 850,464.59	$ 850,464.59
	Vacancy/Credit Loss (% of Gross Rent)				4%			$ (28,465.23)	$ (29,034.53)	$ (29,615.22)	$ (30,207.53)	$ (30,811.68)	$ (31,427.91)	$ (32,056.47)	$ (32,697.60)	$ (33,351.55)	$ (34,018.58)	$ (34,018.58)
	Net Rental Income							$ 683,165.49	$ 696,828.80	$ 710,765.38	$ 724,980.68	$ 739,480.30	$ 754,269.90	$ 769,355.30	$ 784,742.41	$ 800,437.26	$ 816,446.00	$ 816,446.00
Gross Potential Rent								$ 3,101,692.72	$ 3,129,756.03	$ 3,209,336.43	$ 3,291,017.99	$ 3,374,858.02	$ 3,460,915.45	$ 3,549,250.83	$ 3,639,926.43	$ 3,733,006.26	$ 3,811,684.24	$ 3,876,233.54
Operating Expenses																		
	tax		0.030					$ (1,526,549.77)	$ (1,557,080.76)	$ (1,588,222.38)	$ (1,619,986.83)	$ (1,652,386.56)	$ (1,685,434.29)	$ (1,719,142.98)	$ (1,753,525.84)	$ (1,788,596.36)	$ (1,824,368.28)	$ (1,860,855.65)
	other expenses		0.01		0			$ (31,016.93)	$ (31,637.27)	$ (32,270.01)	$ (32,915.41)	$ (33,573.72)	$ (34,245.19)	$ (34,930.10)	$ (35,628.70)	$ (36,341.27)	$ (37,068.10)	$ (37,809.46)
	free rent	(one month for first year)						$ (141,543.94)										
	lag	(50% in 6 months)						$ (604,631.81)										
	leasing cost		4.5%					$ (405,000.00)	0	0	0	0	0	0	0	0	0	0
	Total							$ 2,708,742.44	$ 1,588,718.03	$ 1,620,492.39	$ 1,652,902.24	$ 1,685,960.28	$ 1,719,679.49	$ 1,754,073.08	$ 1,789,154.54	$ 1,824,937.63	$ 1,861,436.38	$ 1,898,665.11
Net Operating Income (NOI)								$ 392,950.28	$ 1,541,038.00	$ 1,588,844.04	$ 1,638,115.75	$ 1,688,897.74	$ 1,741,235.96	$ 1,795,177.75	$ 1,850,771.89	$ 1,908,068.63	$ 1,950,247.85	$ 1,977,568.43
Capital Expense Reserve				100				$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)
Cash Flow Before Debt Service						$ (35,542,000.00)	$ (25,792,000.00)	$ 364,550.28	$ 1,512,638.00	$ 1,560,444.04	$ 1,609,715.75	$ 1,660,497.74	$ 1,712,835.96	$ 1,766,777.75	$ 1,822,371.89	$ 1,879,668.63	$ 1,921,847.85	$ 1,949,168.43
Cap Rate					8%													
Sales Price															$ 23,850,857.91			
Closing Costs as % of Sale Price					2%										$ (477,017.16)			
Total Sale Proceeds															$ 23,373,840.75			
Total Cash Flow Including Sale Proceeds						$ (35,542,000.00)	$ (25,792,000.00)	$ 364,550.28	$ 1,512,638.00	$ 1,560,444.04	$ 1,609,715.75	$ 1,660,497.74	$ 1,712,835.96	$ 1,766,777.75	$ 25,196,212.64			
Unlevered IRR					-6.9%													
Total Project Cost						$ (61,334,000.00)												

Historic Tax Credit with Twenty Percent Affordable: Creative Confluence

Creative Confluence Newark, NJ Building Pro Forma				**monthly rent**
Retail/Restaurant	59650	Units	13	$ 40,000.00
Gallary/Performance	59650	Units	9	$ 6,000.00
Amenity	59650			
Live/Work	59650	Units	39	$ 1,500.00
Live/Work Affordable			10	$ 900.00
Parking	310500	Spaces	1050	$ 100.00
1 Bedroom Apts	198762.5	Units	119	$ 1,300.00
1 Bedroom Affordable			30	$ 780.00
2 Bedroom Apts	198762.5	Units	95	$ 1,600.00
2 Bedroom Affordable			24	$ 960.00
3 Bedroom Apts	79505	Units	38	$ 1,900.00
3 Bed Affordable			10	$ 1,140.00
Studio Apts	318020	Units	327	$ 1,000.00
Studio Affordable			82	$ 600.00
unit	389	3114		
Gross Area	1344150			
rentable	1209735	90%		

						Construction		Operation										
Growth Assumptions						Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	year 7	year 8	year 9	year 10	year 11	year 12	
	Growth Rate					2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	
	Expense Growth Rate							2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	
	Purchase of Existing Bldg			(use Madison bldg*22)		$ (21,450,000.00)												
	Construction Loan		248	(DEVCO cost on 15 Washinton		$ (121,454,760.00)	$ (166,674,600.00)											
	Equity Position																	
	HTC		20%			$ 66,669,840.00												
Gross Potential Retail Rent			12					$ 6,495,885.00	$ 6,625,802.70	$ 6,824,576.78	$ 7,029,314.08	$ 7,240,193.51	$ 7,457,399.31	$ 7,681,121.29	$ 7,911,554.93	$ 8,148,901.58	$ 8,393,368.63	$ 8,645,169.68
	Vacancy/Credit Loss (% of Gross Rent)				4%			$ (259,835.40)	$ (265,032.11)	$ (272,983.07)	$ (281,172.56)	$ (289,607.74)	$ (298,295.97)	$ (307,244.85)	$ (316,462.20)	$ (325,956.06)	$ (335,734.75)	$ (345,806.79)
	Net Rental Income							$ 6,236,049.60	$ 6,360,770.59	$ 6,551,593.71	$ 6,748,141.52	$ 6,950,585.77	$ 7,159,103.34	$ 7,373,876.44	$ 7,595,092.73	$ 7,822,945.52	$ 8,057,633.88	$ 8,299,362.90
Gross Potential Studio Apartment Rent			12					$ 4,514,910.17	$ 4,514,910.17	$ 4,650,357.48	$ 4,789,868.20	$ 4,933,564.25	$ 5,081,571.17	$ 5,234,018.31	$ 5,391,038.86	$ 5,552,770.02	$ 5,719,353.13	$ 5,890,933.72
	Vacancy/Credit Loss (% of Gross Rent)				4%			$ (180,596.41)	$ (180,596.41)	$ (186,014.30)	$ (191,594.73)	$ (197,342.57)	$ (203,262.85)	$ (209,360.73)	$ (215,641.55)	$ (222,110.80)	$ (228,774.13)	$ (235,637.35)
	Net Rental Income							$ 4,334,313.76	$ 4,334,313.76	$ 4,464,343.18	$ 4,598,273.47	$ 4,736,221.68	$ 4,878,308.33	$ 5,024,657.58	$ 5,175,397.30	$ 5,330,659.22	$ 5,490,579.00	$ 5,655,296.37
Gross Potential Live/Work Rent			12					$ 810,314.18	$ 826,520.47	$ 843,050.87	$ 859,911.89	$ 877,110.13	$ 894,652.33	$ 912,545.38	$ 930,796.29	$ 949,412.21	$ 968,400.46	$ 987,768.47
	Vacancy/Credit Loss (% of Gross Rent)				4%			$ (32,412.57)	$ (33,060.82)	$ (33,722.03)	$ (34,396.48)	$ (35,084.41)	$ (35,786.09)	$ (36,501.82)	$ (37,231.85)	$ (37,976.49)	$ (38,736.02)	$ (39,510.74)
	Net Rental Income							$ 777,901.61	$ 793,459.65	$ 809,328.84	$ 825,515.42	$ 842,025.72	$ 858,866.24	$ 876,043.56	$ 893,564.44	$ 911,435.72	$ 929,664.44	$ 948,257.73
Gross Potential 1 Bed Rent			12					$ 2,138,806.80	$ 2,181,582.94	$ 2,225,214.59	$ 2,269,718.89	$ 2,315,113.26	$ 2,361,415.53	$ 2,408,643.84	$ 2,456,816.72	$ 2,505,953.05	$ 2,556,072.11	$ 2,607,193.55
	Vacancy/Credit Loss (% of Gross Rent)				4%			$ (85,552.27)	$ (87,263.32)	$ (89,008.58)	$ (90,788.76)	$ (92,604.53)	$ (94,456.62)	$ (96,345.75)	$ (98,272.67)	$ (100,238.12)	$ (102,242.88)	$ (104,287.74)
	Net Rental Income							$ 2,053,254.53	$ 2,094,319.62	$ 2,136,206.01	$ 2,178,930.13	$ 2,222,508.73	$ 2,266,958.91	$ 2,312,298.09	$ 2,358,544.05	$ 2,405,714.93	$ 2,453,829.23	$ 2,502,905.81
Gross Potential 2 Bed Rent			12					$ 2,103,598.08	$ 2,145,670.04	$ 2,188,583.44	$ 2,232,355.11	$ 2,277,002.21	$ 2,322,542.26	$ 2,368,993.10	$ 2,416,372.96	$ 2,464,700.42	$ 2,513,994.43	$ 2,564,274.32
	Vacancy/Credit Loss (% of Gross Rent)				4%			$ (84,143.92)	$ (85,826.80)	$ (87,543.34)	$ (89,294.20)	$ (91,080.09)	$ (92,901.69)	$ (94,759.72)	$ (96,654.92)	$ (98,588.02)	$ (100,559.78)	$ (102,570.97)
	Net Rental Income							$ 2,019,454.16	$ 2,059,843.24	$ 2,101,040.10	$ 2,143,060.91	$ 2,185,922.12	$ 2,229,640.57	$ 2,274,233.38	$ 2,319,718.05	$ 2,366,112.41	$ 2,413,434.66	$ 2,461,703.35
Gross Potential 3 Bed Rent			12					$ 1,004,681.09	$ 1,024,774.71	$ 1,045,270.20	$ 1,066,175.61	$ 1,087,499.12	$ 1,109,249.10	$ 1,131,434.08	$ 1,154,062.77	$ 1,177,144.02	$ 1,200,686.90	$ 1,224,700.64
	Vacancy/Credit Loss (% of Gross Rent)				4%			$ (40,187.24)	$ (40,990.99)	$ (41,810.81)	$ (42,647.02)	$ (43,499.96)	$ (44,369.96)	$ (45,257.36)	$ (46,162.51)	$ (47,085.76)	$ (48,027.48)	$ (48,988.03)
	Net Rental Income							$ 964,493.84	$ 983,783.72	$ 1,003,459.40	$ 1,023,528.58	$ 1,043,999.16	$ 1,064,879.14	$ 1,086,176.72	$ 1,107,900.26	$ 1,130,058.26	$ 1,152,659.43	$ 1,175,712.61
Gross Potential Parking Rent			12					$ 1,260,000.00	$ 1,285,200.00	$ 1,310,904.00	$ 1,337,122.08	$ 1,363,864.52	$ 1,391,141.81	$ 1,418,964.65	$ 1,447,343.94	$ 1,476,290.82	$ 1,505,816.64	$ 1,535,932.97
	Net Rental Income							$ 1,260,000.00	$ 1,285,200.00	$ 1,310,904.00	$ 1,337,122.08	$ 1,363,864.52	$ 1,391,141.81	$ 1,418,964.65	$ 1,447,343.94	$ 1,476,290.82	$ 1,505,816.64	$ 1,535,932.97
Gross Rent-All Sources								$ 17,645,467.51	$ 17,911,690.58	$ 18,376,875.24	$ 18,854,572.11	$ 19,345,127.70	$ 19,848,898.33	$ 20,366,250.42	$ 20,897,560.76	$ 21,443,216.88	$ 22,003,617.27	$ 22,579,171.74
Operating Expenses																		
	tax		0.029					$ 7,310,265.11	$ 7,456,470.41	$ 7,605,599.82	$ 7,757,711.82	$ 7,912,866.05	$ 8,071,123.37	$ 8,232,545.84	$ 8,397,196.76	$ 8,565,140.69	$ 8,736,443.51	$ 8,911,172.38
	other expenses		0.01					$ 176,454.68	$ 179,983.77	$ 183,583.44	$ 187,255.11	$ 191,000.22	$ 194,820.22	$ 198,716.62	$ 202,690.96	$ 206,744.78	$ 210,879.67	$ 215,097.26
	free rent	(one month for first year)						$ 976,206.74										
	lag	(50% in 6 months)						$ 4,411,366.88										
	leasing cost		4.5%					$ 4,783,333.50	0	0	0	0	0	0	0	0	0	0
	Total							$(17,657,626.90)	$ (7,636,454.18)	$ (7,789,183.27)	$ (7,944,966.93)	$ (8,103,866.27)	$ (8,265,943.59)	$ (8,431,262.47)	$ (8,599,887.72)	$ (8,771,885.47)	$ (8,947,323.18)	$ (9,126,269.64)
Net Operating Income (NOI)								$ (12,159.39)	$ 10,275,236.40	$ 10,587,691.97	$ 10,909,605.18	$ 11,241,261.44	$ 11,582,954.74	$ 11,934,987.95	$ 12,297,673.05	$ 12,671,331.41	$ 13,056,294.09	$ 13,452,902.10
Capital Expense Reserve				100				$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)
Cash Flow						$ (54,784,920.00)	$ (166,674,600.00)	$ (51,011.26)	$ 10,236,384.53	$ 10,548,840.11	$ 10,870,753.31	$ 11,202,409.57	$ 11,544,102.87	$ 11,896,136.08	$ 12,258,821.18	$ 12,632,479.54	$ 13,017,442.22	$ 13,414,050.23
	R																	
Cap Rate					8%													
Sales Price															$ 158,391,642.63			
Closing Costs as % of Sale Price					2%										$ (3,167,832.85)			
Total Sale Proceeds															$ 155,223,809.78			
Total Cash Flow Including Sale Proceeds						$ (54,784,920.00)	$ (166,674,600.00)	$ (51,011.26)	$ 10,236,384.53	$ 10,548,840.11	$ 10,870,753.31	$ 11,202,409.57	$ 11,544,102.87	$ 11,896,136.08	$ 167,482,630.96			
Unlevered IRR					0.7%													
Total Project Cost						$ (221,459,520.00)												

Historic Tax Credit with Twenty Percent Affordable: Scholars' Village

Scholars Village Newark, NJ Building Pro Forma				**monthly rent**
Retail/Restaurant	5000	Units	1	$ 50,000.00
Library	5000			$ -
Studio Apartments	138600	Units	143	$ 900.00
Studio Affordable			35	$ 540.00
1 Bed Apts	59400	Units	43	$ 1,200.00
1 Bed Affordable			10	$ 780.00
unit	284	523		
Gross Area	148600			
rentable	133740	90%		

						Construction		Operation										
Growth Assumptions						Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	year 7	year 8	year 9	year 10	year 11	year 12	
	Growth Rate							2%	2%	2%	2%	2%	2%	2%	2%	2%		
	Expense Growth Rate							2%	2%	2%	2%	2%	2%	2%	2%	2%		
	Purchase of Existing Bldg			(use Madison bldg(975000*		$ (4,875,000.00)												
	Construction		248	(DEVCO cost on 15 Washint		$ 19,375,200.00	$ 25,792,000.00											
	Equity Position																	
	HTC	20%				$ 11,291,800.00												
Gross Potential Retail Rent			12					$ 750,000.00	$ 765,000.00	$ 780,300.00	$ 795,906.00	$ 811,824.12	$ 828,060.60	$ 844,621.81	$ 861,514.25	$ 878,744.54	$ 878,744.54	$ 878,744.54
	Vacancy/Credit Loss (% of Gross Rent)				4%			$ (30,000.00)	$ (30,600.00)	$ (31,212.00)	$ (31,836.24)	$ (32,472.96)	$ (33,122.42)	$ (33,784.87)	$ (34,460.57)	$ (35,149.78)	$ (35,149.78)	$ (35,149.78)
	Net Rental Income							$ 720,000.00	$ 734,400.00	$ 749,088.00	$ 764,069.76	$ 779,351.16	$ 794,938.18	$ 810,836.94	$ 827,053.68	$ 843,594.75	$ 843,594.75	$ 843,594.75
Gross Potential Studio Apartment Rent			12					$ 1,769,299.20	$ 1,769,299.20	$ 1,822,378.18	$ 1,877,049.52	$ 1,933,361.01	$ 1,991,361.84	$ 2,051,102.69	$ 2,112,635.77	$ 2,176,014.85	$ 2,241,295.29	$ 2,308,534.15
	Vacancy/Credit Loss (% of Gross Rent)				4%			$ (70,771.97)	$ (70,771.97)	$ (72,895.13)	$ (75,081.98)	$ (77,334.44)	$ (79,654.47)	$ (82,044.11)	$ (84,505.43)	$ (87,040.59)	$ (89,651.81)	$ (92,341.37)
	Net Rental Income							$ 1,698,527.23	$ 1,698,527.23	$ 1,749,483.05	$ 1,801,967.54	$ 1,856,026.57	$ 1,911,707.36	$ 1,969,058.58	$ 2,028,130.34	$ 2,088,974.25	$ 2,151,643.48	$ 2,216,192.78
Gross Potential 1 Bed Apartment Rent			12					$ 711,630.72	$ 725,863.33	$ 740,380.60	$ 755,188.21	$ 770,291.98	$ 785,697.82	$ 801,411.77	$ 817,440.01	$ 833,788.81	$ 850,464.59	$ 850,464.59
	Vacancy/Credit Loss (% of Gross Rent)				4%			$ (28,465.23)	$ (29,034.53)	$ (29,615.22)	$ (30,207.53)	$ (30,811.68)	$ (31,427.91)	$ (32,056.47)	$ (32,697.60)	$ (33,351.55)	$ (34,018.58)	$ (34,018.58)
	Net Rental Income							$ 683,165.49	$ 696,828.80	$ 710,765.38	$ 724,980.68	$ 739,480.30	$ 754,269.90	$ 769,355.30	$ 784,742.41	$ 800,437.26	$ 816,446.00	$ 816,446.00
Gross Potential Rent								$ 3,101,692.72	$ 3,129,756.03	$ 3,209,336.43	$ 3,291,017.99	$ 3,374,858.02	$ 3,460,915.45	$ 3,549,250.83	$ 3,639,926.43	$ 3,733,006.26	$ 3,811,684.24	$ 3,876,233.54
Operating Expenses																		
	tax		0.02953					$ (1,526,549.77)	$ (1,557,080.76)	$ (1,588,222.38)	$ (1,619,986.83)	$ (1,652,386.56)	$ (1,685,434.29)	$ (1,719,142.98)	$ (1,753,525.84)	$ (1,788,596.36)	$ (1,824,368.28)	$ (1,860,855.65)
	other expenses		0.01		0			$ (31,016.93)	$ (31,637.27)	$ (32,270.01)	$ (32,915.41)	$ (33,573.72)	$ (34,245.19)	$ (34,930.10)	$ (35,628.70)	$ (36,341.27)	$ (37,068.10)	$ (37,809.46)
	free rent	(one month for first year)						$ (141,543.94)										
	lag	(50% in 6 months)						$ (604,631.81)										
	leasing cost		4.5%					$ (405,000.00)	0	0	0	0	0	0	0	0	0	0
	Total							$ 2,708,742.44	$ 1,588,718.03	$ 1,620,492.39	$ 1,652,902.24	$ 1,685,960.28	$ 1,719,679.49	$ 1,754,073.08	$ 1,789,154.54	$ 1,824,937.63	$ 1,861,436.38	$ 1,898,665.11
Net Operating Income (NOI)								$ 392,950.28	$ 1,541,038.00	$ 1,588,844.04	$ 1,638,115.75	$ 1,688,897.74	$ 1,741,235.96	$ 1,795,177.75	$ 1,850,771.89	$ 1,908,068.63	$ 1,950,247.85	$ 1,977,568.43
Capital Expense Reserve				100				$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)
Cash Flow Before Debt Service						$ (12,958,400.00)	$ (25,792,000.00)	$ 364,550.28	$ 1,512,638.00	$ 1,560,444.04	$ 1,609,715.75	$ 1,660,497.74	$ 1,712,835.96	$ 1,766,777.75	$ 1,822,371.89	$ 1,879,668.63	$ 1,921,847.85	$ 1,949,168.43
Cap Rate					8%													
Sales Price															$ 23,850,857.91			
Closing Costs as % of Sale Price					2%										$ (477,017.16)			
Total Sale Proceeds															$ 23,373,840.75			
Total Cash Flow Including Sale Proceeds						$ (12,958,400.00)	$ (25,792,000.00)	$ 364,550.28	$ 1,512,638.00	$ 1,560,444.04	$ 1,609,715.75	$ 1,660,497.74	$ 1,712,835.96	$ 1,766,777.75	$ 25,196,212.64			
Unlevered IRR					-1.2%													

Low Income Housing Tax Credit: Creative Confluence

Creative Confluence Newark, NJ Building Pro Forma				monthly rent
Retail/Restaurant	59650	Units	13	$ 40,000.00
Gallary/Performance	59650	Units	9	$ 6,000.00
Amenity	59650			
Live/Work	59650	Units	39	$ 1,500.00
Live/Work Affordable			10	$ 900.00
Parking	310500	Spaces	1050	$ 100.00
1 Bedroom Apts	198762.5	Units	119	$ 1,300.00
1 Bedroom Affordable			30	$ 780.00
2 Bedroom Apts	198762.5	Units	95	$ 1,600.00
2 Bedroom Affordable			24	$ 960.00
3 Bedroom Apts	79505	Units	38	$ 1,900.00
3 Bed Affordable			10	$ 1,140.00
Studio Apts	318020	Units	327	$ 1,000.00
Studio Affordable			82	$ 600.00
unit	389	3114		
Gross Area	1344150			
rentable	1209735	90%		

					Construction		Operation										
Growth Assumptions					Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	year 7	year 8	year 9	year 10	year 11	year 12	
	Growth Rate				2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	
	Expense Growth Rate						2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	
	Purchase of Existing Bldg		(use Madison bldg*22)		$ (21,450,000.00)												
	Construction Loan	248	(DEVCO cost on 15 Washinton		$ (131,121,886.80)	$ (166,674,600.00)											
	Equity Position																
	LIHTC	9% annually of 20% of the project cost			$ 57,002,713.20												
		syndicated at 95%															
Gross Potential Retail Rent		12					$ 6,495,885.00	$ 6,625,802.70	$ 6,824,576.78	$ 7,029,314.08	$ 7,240,193.51	$ 7,457,399.31	$ 7,681,121.29	$ 7,911,554.93	$ 8,148,901.58	$ 8,393,368.63	$ 8,645,169.68
	Vacancy/Credit Loss (% of Gross Rent)			4%			$ (259,835.40)	$ (265,032.11)	$ (272,983.07)	$ (281,172.56)	$ (289,607.74)	$ (298,295.97)	$ (307,244.85)	$ (316,462.20)	$ (325,956.06)	$ (335,734.75)	$ (345,806.79)
	Net Rental Income						$ 6,236,049.60	$ 6,360,770.59	$ 6,551,593.71	$ 6,748,141.52	$ 6,950,585.77	$ 7,159,103.34	$ 7,373,876.44	$ 7,595,092.73	$ 7,822,945.52	$ 8,057,633.88	$ 8,299,362.90
Gross Potential Studio Apartment Rent		12					$ 4,514,910.17	$ 4,514,910.17	$ 4,650,357.48	$ 4,789,868.20	$ 4,933,564.25	$ 5,081,571.17	$ 5,234,018.31	$ 5,391,038.86	$ 5,552,770.02	$ 5,719,353.13	$ 5,890,933.72
	Vacancy/Credit Loss (% of Gross Rent)			4%			$ (180,596.41)	$ (180,596.41)	$ (186,014.30)	$ (191,594.73)	$ (197,342.57)	$ (203,262.85)	$ (209,360.73)	$ (215,641.55)	$ (222,110.80)	$ (228,774.13)	$ (235,637.35)
	Net Rental Income						$ 4,334,313.76	$ 4,334,313.76	$ 4,464,343.18	$ 4,598,273.47	$ 4,736,221.68	$ 4,878,308.33	$ 5,024,657.58	$ 5,175,397.30	$ 5,330,659.22	$ 5,490,579.00	$ 5,655,296.37
Gross Potential Live/Work Rent		12					$ 810,314.18	$ 826,520.47	$ 843,050.87	$ 859,911.89	$ 877,110.13	$ 894,652.33	$ 912,545.38	$ 930,796.29	$ 949,412.21	$ 968,400.46	$ 987,768.47
	Vacancy/Credit Loss (% of Gross Rent)			4%			$ (32,412.57)	$ (33,060.82)	$ (33,722.03)	$ (34,396.48)	$ (35,084.41)	$ (35,786.09)	$ (36,501.82)	$ (37,231.85)	$ (37,976.49)	$ (38,736.02)	$ (39,510.74)
	Net Rental Income						$ 777,901.61	$ 793,459.65	$ 809,328.84	$ 825,515.42	$ 842,025.72	$ 858,866.24	$ 876,043.56	$ 893,564.44	$ 911,435.72	$ 929,664.44	$ 948,257.73
Gross Potential 1 Bed Rent		12					$ 2,138,806.80	$ 2,181,582.94	$ 2,225,214.59	$ 2,269,718.89	$ 2,315,113.26	$ 2,361,415.53	$ 2,408,643.84	$ 2,456,816.72	$ 2,505,953.05	$ 2,556,072.11	$ 2,607,193.55
	Vacancy/Credit Loss (% of Gross Rent)			4%			$ (85,552.27)	$ (87,263.32)	$ (89,008.58)	$ (90,788.76)	$ (92,604.53)	$ (94,456.62)	$ (96,345.75)	$ (98,272.67)	$ (100,238.12)	$ (102,242.88)	$ (104,287.74)
	Net Rental Income						$ 2,053,254.53	$ 2,094,319.62	$ 2,136,206.01	$ 2,178,930.13	$ 2,222,508.73	$ 2,266,958.91	$ 2,312,298.09	$ 2,358,544.05	$ 2,405,714.93	$ 2,453,829.23	$ 2,502,905.81
Gross Potential 2 Bed Rent		12					$ 2,103,598.08	$ 2,145,670.04	$ 2,188,583.44	$ 2,232,355.11	$ 2,277,002.21	$ 2,322,542.26	$ 2,368,993.10	$ 2,416,372.96	$ 2,464,700.42	$ 2,513,994.43	$ 2,564,274.32
	Vacancy/Credit Loss (% of Gross Rent)			4%			$ (84,143.92)	$ (85,826.80)	$ (87,543.34)	$ (89,294.20)	$ (91,080.09)	$ (92,901.69)	$ (94,759.72)	$ (96,654.92)	$ (98,588.02)	$ (100,559.78)	$ (102,570.97)
	Net Rental Income						$ 2,019,454.16	$ 2,059,843.24	$ 2,101,040.10	$ 2,143,060.91	$ 2,185,922.12	$ 2,229,640.57	$ 2,274,233.38	$ 2,319,718.05	$ 2,366,112.41	$ 2,413,434.66	$ 2,461,703.35
Gross Potential 3 Bed Rent		12					$ 1,004,681.09	$ 1,024,774.71	$ 1,045,270.20	$ 1,066,175.61	$ 1,087,499.12	$ 1,109,249.10	$ 1,131,434.08	$ 1,154,062.77	$ 1,177,144.02	$ 1,200,686.90	$ 1,224,700.64
	Vacancy/Credit Loss (% of Gross Rent)			4%			$ (40,187.24)	$ (40,990.99)	$ (41,810.81)	$ (42,647.02)	$ (43,499.96)	$ (44,369.96)	$ (45,257.36)	$ (46,162.51)	$ (47,085.76)	$ (48,027.48)	$ (48,988.03)
	Net Rental Income						$ 964,493.84	$ 983,783.72	$ 1,003,459.40	$ 1,023,528.58	$ 1,043,999.16	$ 1,064,879.14	$ 1,086,176.72	$ 1,107,900.26	$ 1,130,058.26	$ 1,152,659.43	$ 1,175,712.61
Gross Potential Parking Rent		12					$ 1,260,000.00	$ 1,285,200.00	$ 1,310,904.00	$ 1,337,122.08	$ 1,363,864.52	$ 1,391,141.81	$ 1,418,964.65	$ 1,447,343.94	$ 1,476,290.82	$ 1,505,816.64	$ 1,535,932.97
	Net Rental Income						$ 1,260,000.00	$ 1,285,200.00	$ 1,310,904.00	$ 1,337,122.08	$ 1,363,864.52	$ 1,391,141.81	$ 1,418,964.65	$ 1,447,343.94	$ 1,476,290.82	$ 1,505,816.64	$ 1,535,932.97
Gross Rent-All Sources							$ 17,645,467.51	$ 17,911,690.58	$ 18,376,875.24	$ 18,854,572.11	$ 19,345,127.70	$ 19,848,898.33	$ 20,366,250.42	$ 20,897,560.76	$ 21,443,216.88	$ 22,003,617.27	$ 22,579,171.74
Operating Expenses																	
	tax	0.029					$ 7,310,265.11	$ 7,456,470.41	$ 7,605,599.82	$ 7,757,711.82	$ 7,912,866.05	$ 8,071,123.37	$ 8,232,545.84	$ 8,397,196.76	$ 8,565,140.69	$ 8,736,443.51	$ 8,911,172.38
	other expenses	0.01					$ 176,454.68	$ 179,983.77	$ 183,583.44	$ 187,255.11	$ 191,000.22	$ 194,820.22	$ 198,716.62	$ 202,690.96	$ 206,744.78	$ 210,879.67	$ 215,097.26
	free rent	(one month for first year)					$ 976,206.74										
	lag	(50% in 6 months)					$ 4,411,366.88										
	leasing cost	4.5%					$ 4,783,333.50	0	0	0	0	0	0	0	0	0	0
	Total						$(17,657,626.90)	$ (7,636,454.18)	$ (7,789,183.27)	$ (7,944,966.93)	$ (8,103,866.27)	$ (8,265,943.59)	$ (8,431,262.47)	$ (8,599,887.72)	$ (8,771,885.47)	$ (8,947,323.18)	$ (9,126,269.64)
Net Operating Income (NOI)							$ (12,159.39)	$ 10,275,236.40	$ 10,587,691.97	$ 10,909,605.18	$ 11,241,261.44	$ 11,582,954.74	$ 11,934,987.95	$ 12,297,673.05	$ 12,671,331.41	$ 13,056,294.09	$ 13,452,902.10
Capital Expense Reserve			100				$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)
Cash Flow					$ (95,569,173.60)	$ (166,674,600.00)	$ (51,011.26)	$ 10,236,384.53	$ 10,548,840.11	$ 10,870,753.31	$ 11,202,409.57	$ 11,544,102.87	$ 11,896,136.08	$ 12,258,821.18	$ 12,632,479.54	$ 13,017,442.22	$ 13,414,050.23
	R																
Cap Rate				8%													
Sales Price														$ 158,391,642.63			
Closing Costs as % of Sale Price				2%										$ (3,167,832.85)			
Total Sale Proceeds														$ 155,223,809.78			
Total Cash Flow Including Sale Proceeds					$ (95,569,173.60)	$ (166,674,600.00)	$ (51,011.26)	$ 10,236,384.53	$ 10,548,840.11	$ 10,870,753.31	$ 11,202,409.57	$ 11,544,102.87	$ 11,896,136.08	$ 167,482,630.96			
Unlevered IRR				-1.5%													

Low Income Housing Tax Credit: Scholars' Village

Scholars Village Newark, NJ Building Pro Forma				**monthly rent**
Retail/Restaurant	5000	Units	1	$ 50,000.00
Library	5000			$ -
Studio Apartments	138600	Units	143	$ 900.00
Studio Affordable			35	$ 540.00
1 Bed Apts	59400	Units	43	$ 1,200.00
1 Bed Affordable			10	$ 780.00
unit	284	732		
Gross Area	208000			
rentable	187200	90%		

						Construction		Operation										
Growth Assumptions						Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	year 7	year 8	year 9	year 10	year 11	year 12	
	Growth Rate							2%	2%	2%	2%	2%	2%	2%	2%	2%		
	Expense Growth Rate							2%	2%	2%	2%	2%	2%	2%	2%	2%		
	Total Project Cost					$ 46,709,000.00												
	Purchase of Existing Bldg			(use Madison bldg(975000*		$ (4,875,000.00)												
	Construction Costs		248	(DEVCO cost on 15 Washint		$ (19,375,200.00)	$ (25,792,000.00)											
Equity Position	LIHTC	10 yrs of 9% annually of 20% of the project cost				$ 8,557,216.20												
		syndicated at 95%																
	Private Equity					$ 2,734,583.80												
Gross Potential Retail Rent			12					$ 750,000.00	$ 765,000.00	$ 780,300.00	$ 795,906.00	$ 811,824.12	$ 828,060.60	$ 844,621.81	$ 861,514.25	$ 878,744.54	$ 878,744.54	$ 878,744.54
	Vacancy/Credit Loss (% of Gross Rent)				4%			$ (30,000.00)	$ (30,600.00)	$ (31,212.00)	$ (31,836.24)	$ (32,472.96)	$ (33,122.42)	$ (33,784.87)	$ (34,460.57)	$ (35,149.78)	$ (35,149.78)	$ (35,149.78)
	Net Rental Income							$ 720,000.00	$ 734,400.00	$ 749,088.00	$ 764,069.76	$ 779,351.16	$ 794,938.18	$ 810,836.94	$ 827,053.68	$ 843,594.75	$ 843,594.75	$ 843,594.75
Gross Potential Studio Apartment Rent			12					$ 1,769,299.20	$ 1,769,299.20	$ 1,822,378.18	$ 1,877,049.52	$ 1,933,361.01	$ 1,991,361.84	$ 2,051,102.69	$ 2,112,635.77	$ 2,176,014.85	$ 2,241,295.29	$ 2,308,534.15
	Vacancy/Credit Loss (% of Gross Rent)				4%			$ (70,771.97)	$ (70,771.97)	$ (72,895.13)	$ (75,081.98)	$ (77,334.44)	$ (79,654.47)	$ (82,044.11)	$ (84,505.43)	$ (87,040.59)	$ (89,651.81)	$ (92,341.37)
	Net Rental Income							$ 1,698,527.23	$ 1,698,527.23	$ 1,749,483.05	$ 1,801,967.54	$ 1,856,026.57	$ 1,911,707.36	$ 1,969,058.58	$ 2,028,130.34	$ 2,088,974.25	$ 2,151,643.48	$ 2,216,192.78
Gross Potential 1 Bed Apartment Rent			12					$ 711,630.72	$ 725,863.33	$ 740,380.60	$ 755,188.21	$ 770,291.98	$ 785,697.82	$ 801,411.77	$ 817,440.01	$ 833,788.81	$ 850,464.59	$ 850,464.59
	Vacancy/Credit Loss (% of Gross Rent)				4%			$ (28,465.23)	$ (29,034.53)	$ (29,615.22)	$ (30,207.53)	$ (30,811.68)	$ (31,427.91)	$ (32,056.47)	$ (32,697.60)	$ (33,351.55)	$ (34,018.58)	$ (34,018.58)
	Net Rental Income							$ 683,165.49	$ 696,828.80	$ 710,765.38	$ 724,980.68	$ 739,480.30	$ 754,269.90	$ 769,355.30	$ 784,742.41	$ 800,437.26	$ 816,446.00	$ 816,446.00
Gross Potential Rent								$ 3,101,692.72	$ 3,129,756.03	$ 3,209,336.43	$ 3,291,017.99	$ 3,374,858.02	$ 3,460,915.45	$ 3,549,250.83	$ 3,639,926.43	$ 3,733,006.26	$ 3,811,684.24	$ 3,876,233.54
Operating Expenses																		
	tax		0.02953					$ (1,526,549.77)	$ (1,557,080.76)	$ (1,588,222.38)	$ (1,619,986.83)	$ (1,652,386.56)	$ (1,685,434.29)	$ (1,719,142.98)	$ (1,753,525.84)	$ (1,788,596.36)	$ (1,824,368.28)	$ (1,860,855.65)
	other expenses		0.01		0			$ (31,016.93)	$ (31,637.27)	$ (32,270.01)	$ (32,915.41)	$ (33,573.72)	$ (34,245.19)	$ (34,930.10)	$ (35,628.70)	$ (36,341.27)	$ (37,068.10)	$ (37,809.46)
	free rent	(one month for first year)						$ (141,543.94)										
	lag	(50% in 6 months)						$ (604,631.81)										
	leasing cost		4.5%					$ (405,000.00)	0	0	0	0	0	0	0	0	0	0
	Total							$ 2,708,742.44	$ 1,588,718.03	$ 1,620,492.39	$ 1,652,902.24	$ 1,685,960.28	$ 1,719,679.49	$ 1,754,073.08	$ 1,789,154.54	$ 1,824,937.63	$ 1,861,436.38	$ 1,898,665.11
Net Operating Income (NOI)								$ 392,950.28	$ 1,541,038.00	$ 1,588,844.04	$ 1,638,115.75	$ 1,688,897.74	$ 1,741,235.96	$ 1,795,177.75	$ 1,850,771.89	$ 1,908,068.63	$ 1,950,247.85	$ 1,977,568.43
Capital Expense Reserve				100				$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)
Cash Flow Before Debt Service						$ (18,427,567.60)	$ (25,792,000.00)	$ 364,550.28	$ 1,512,638.00	$ 1,560,444.04	$ 1,609,715.75	$ 1,660,497.74	$ 1,712,835.96	$ 1,766,777.75	$ 1,822,371.89	$ 1,879,668.63	$ 1,921,847.85	$ 1,949,168.43
Cap Rate					8%													
Sales Price															$ 23,850,857.91			
Closing Costs as % of Sale Price					2%										$ (477,017.16)			
Total Sale Proceeds															$ 23,373,840.75			
Total Cash Flow Including Sale Proceeds						$ (18,427,567.60)	$ (25,792,000.00)	$ 364,550.28	$ 1,512,638.00	$ 1,560,444.04	$ 1,609,715.75	$ 1,660,497.74	$ 1,712,835.96	$ 1,766,777.75	$ 25,196,212.64			
Unlevered IRR					-2.9%													

PILOT: Creative Confluence

Creative Confluence Newark, NJ Building Pro Forma				monthly rent
Retail/Restaurant	59650	Units	13	$ 40,000.00
Gallary/Performance	59650	Units	9	$ 6,000.00
Amenity	59650			
Live/Work	59650	Units	39	$ 1,500.00
Live/Work Affordable			10	$ 900.00
Parking	310500	Spaces	1050	$ 100.00
1 Bedroom Apts	198762.5	Units	119	$ 1,300.00
1 Bedroom Affordable			30	$ 780.00
2 Bedroom Apts	198762.5	Units	95	$ 1,600.00
2 Bedroom Affordable			24	$ 960.00
3 Bedroom Apts	79505	Units	38	$ 1,900.00
3 Bed Affordable			10	$ 1,140.00
Studio Apts	318020	Units	327	$ 1,000.00
Studio Affordable			82	$ 600.00
unit	389	3,114		
Gross Area	1344150			
rentable	1209735	90%		

						Construction		Operation										
Growth Assumptions						Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	year 7	year 8	year 9	year 10	year 11	year 12	
	Growth Rate					2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	
	Expense Growth Rate							2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	
	Purchase of Existing Bldg			(use Madison bldg*22)		$ (21,450,000.00)												
	Construction Loan		248	(DEVCO cost on 15 Washinton		$ (121,454,760.00)	$ (166,674,600.00)											
	Equity Position					$ (66,669,840.00)												
Gross Potential Retail Rent			12					$ 6,495,885.00	$ 6,625,802.70	$ 6,824,576.78	$ 7,029,314.08	$ 7,240,193.51	$ 7,457,399.31	$ 7,681,121.29	$ 7,911,554.93	$ 8,148,901.58	$ 8,393,368.63	$ 8,645,169.68
	Vacancy/Credit Loss (% of Gross Rent)				4%			$ (259,835.40)	$ (265,032.11)	$ (272,983.07)	$ (281,172.56)	$ (289,607.74)	$ (298,295.97)	$ (307,244.85)	$ (316,462.20)	$ (325,956.06)	$ (335,734.75)	$ (345,806.79)
	Net Rental Income							$ 6,236,049.60	$ 6,360,770.59	$ 6,551,593.71	$ 6,748,141.52	$ 6,950,585.77	$ 7,159,103.34	$ 7,373,876.44	$ 7,595,092.73	$ 7,822,945.52	$ 8,057,633.88	$ 8,299,362.90
Gross Potential Studio Apartment Rent			12					$ 4,514,910.17	$ 4,514,910.17	$ 4,650,357.48	$ 4,789,868.20	$ 4,933,564.25	$ 5,081,571.17	$ 5,234,018.31	$ 5,391,038.86	$ 5,552,770.02	$ 5,719,353.13	$ 5,890,933.72
	Vacancy/Credit Loss (% of Gross Rent)				4%			$ (180,596.41)	$ (180,596.41)	$ (186,014.30)	$ (191,594.73)	$ (197,342.57)	$ (203,262.85)	$ (209,360.73)	$ (215,641.55)	$ (222,110.80)	$ (228,774.13)	$ (235,637.35)
	Net Rental Income							$ 4,334,313.76	$ 4,334,313.76	$ 4,464,343.18	$ 4,598,273.47	$ 4,736,221.68	$ 4,878,308.33	$ 5,024,657.58	$ 5,175,397.30	$ 5,330,659.22	$ 5,490,579.00	$ 5,655,296.37
Gross Potential Live/Work Rent			12					$ 810,314.18	$ 826,520.47	$ 843,050.87	$ 859,911.89	$ 877,110.13	$ 894,652.33	$ 912,545.38	$ 930,796.29	$ 949,412.21	$ 968,400.46	$ 987,768.47
	Vacancy/Credit Loss (% of Gross Rent)				4%			$ (32,412.57)	$ (33,060.82)	$ (33,722.03)	$ (34,396.48)	$ (35,084.41)	$ (35,786.09)	$ (36,501.82)	$ (37,231.85)	$ (37,976.49)	$ (38,736.02)	$ (39,510.74)
	Net Rental Income							$ 777,901.61	$ 793,459.65	$ 809,328.84	$ 825,515.42	$ 842,025.72	$ 858,866.24	$ 876,043.56	$ 893,564.44	$ 911,435.72	$ 929,664.44	$ 948,257.73
Gross Potential 1 Bed Rent			12					$ 2,138,806.80	$ 2,181,582.94	$ 2,225,214.59	$ 2,269,718.89	$ 2,315,113.26	$ 2,361,415.53	$ 2,408,643.84	$ 2,456,816.72	$ 2,505,953.05	$ 2,556,072.11	$ 2,607,193.55
	Vacancy/Credit Loss (% of Gross Rent)				4%			$ (85,552.27)	$ (87,263.32)	$ (89,008.58)	$ (90,788.76)	$ (92,604.53)	$ (94,456.62)	$ (96,345.75)	$ (98,272.67)	$ (100,238.12)	$ (102,242.88)	$ (104,287.74)
	Net Rental Income							$ 2,053,254.53	$ 2,094,319.62	$ 2,136,206.01	$ 2,178,930.13	$ 2,222,508.73	$ 2,266,958.91	$ 2,312,298.09	$ 2,358,544.05	$ 2,405,714.93	$ 2,453,829.23	$ 2,502,905.81
Gross Potential 2 Bed Rent			12					$ 2,103,598.08	$ 2,145,670.04	$ 2,188,583.44	$ 2,232,355.11	$ 2,277,002.21	$ 2,322,542.26	$ 2,368,993.10	$ 2,416,372.96	$ 2,464,700.42	$ 2,513,994.43	$ 2,564,274.32
	Vacancy/Credit Loss (% of Gross Rent)				4%			$ (84,143.92)	$ (85,826.80)	$ (87,543.34)	$ (89,294.20)	$ (91,080.09)	$ (92,901.69)	$ (94,759.72)	$ (96,654.92)	$ (98,588.02)	$ (100,559.78)	$ (102,570.97)
	Net Rental Income							$ 2,019,454.16	$ 2,059,843.24	$ 2,101,040.10	$ 2,143,060.91	$ 2,185,922.12	$ 2,229,640.57	$ 2,274,233.38	$ 2,319,718.05	$ 2,366,112.41	$ 2,413,434.66	$ 2,461,703.35
Gross Potential 3 Bed Rent			12					$ 1,004,681.09	$ 1,024,774.71	$ 1,045,270.20	$ 1,066,175.61	$ 1,087,499.12	$ 1,109,249.10	$ 1,131,434.08	$ 1,154,062.77	$ 1,177,144.02	$ 1,200,686.90	$ 1,224,700.64
	Vacancy/Credit Loss (% of Gross Rent)				4%			$ (40,187.24)	$ (40,990.99)	$ (41,810.81)	$ (42,647.02)	$ (43,499.96)	$ (44,369.96)	$ (45,257.36)	$ (46,162.51)	$ (47,085.76)	$ (48,027.48)	$ (48,988.03)
	Net Rental Income							$ 964,493.84	$ 983,783.72	$ 1,003,459.40	$ 1,023,528.58	$ 1,043,999.16	$ 1,064,879.14	$ 1,086,176.72	$ 1,107,900.26	$ 1,130,058.26	$ 1,152,659.43	$ 1,175,712.61
Gross Potential Parking Rent			12					$ 1,260,000.00	$ 1,285,200.00	$ 1,310,904.00	$ 1,337,122.08	$ 1,363,864.52	$ 1,391,141.81	$ 1,418,964.65	$ 1,447,343.94	$ 1,476,290.82	$ 1,505,816.64	$ 1,535,932.97
	Net Rental Income							$ 1,260,000.00	$ 1,285,200.00	$ 1,310,904.00	$ 1,337,122.08	$ 1,363,864.52	$ 1,391,141.81	$ 1,418,964.65	$ 1,447,343.94	$ 1,476,290.82	$ 1,505,816.64	$ 1,535,932.97
Gross Rent-All Sources								$ 17,645,467.51	$ 17,911,690.58	$ 18,376,875.24	$ 18,854,572.11	$ 19,345,127.70	$ 19,848,898.33	$ 20,366,250.42	$ 20,897,560.76	$ 21,443,216.88	$ 22,003,617.27	$ 22,579,171.74
Operating Expenses																		
	tax		0.022148	PILOT				$ 5,582,899.88	$ 5,694,557.88	$ 5,808,449.04	$ 5,924,618.02	$ 6,043,110.38	$ 6,163,972.58	$ 6,287,252.04	$ 6,412,997.08	$ 6,541,257.02	$ 6,672,082.16	$ 6,805,523.80
	other expenses		0.01					$ 176,454.68	$ 179,983.77	$ 183,583.44	$ 187,255.11	$ 191,000.22	$ 194,820.22	$ 198,716.62	$ 202,690.96	$ 206,744.78	$ 210,879.67	$ 215,097.26
	free rent	(one month for first year)						$ 976,206.74										
	lag	(50% in 6 months)						$ 4,411,366.88										
	leasing cost		4.5%					$ 4,783,333.50	0	0	0	0	0	0	0	0	0	0
	Total							$(15,930,261.67)	$ (5,874,541.65)	$ (5,992,032.48)	$ (6,111,873.13)	$ (6,234,110.59)	$ (6,358,792.80)	$ (6,485,968.66)	$ (6,615,688.03)	$ (6,748,001.79)	$ (6,882,961.83)	$ (7,020,621.07)
Net Operating Income (NOI)								$ 1,715,205.84	$ 12,037,148.94	$ 12,384,842.76	$ 12,742,698.98	$ 13,111,017.11	$ 13,490,105.53	$ 13,880,281.76	$ 14,281,872.73	$ 14,695,215.09	$ 15,120,655.44	$ 15,558,550.67
Capital Expense Reserve				100				$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)
Cash Flow						$ (188,124,600.00)	$ (166,674,600.00)	$ 1,676,353.97	$ 11,998,297.07	$ 12,345,990.89	$ 12,703,847.12	$ 13,072,165.25	$ 13,451,253.66	$ 13,841,429.89	$ 14,243,020.86	$ 14,656,363.22	$ 15,081,803.57	$ 15,519,698.81
	R																	
Cap Rate					8%													
Sales Price															$ 183,690,188.58			
Closing Costs as % of Sale Price					2%										$ (3,673,803.77)			
Total Sale Proceeds															$ 180,016,384.81			
Total Cash Flow Including Sale Proceeds						$ (188,124,600.00)	$ (166,674,600.00)	$ 1,676,353.97	$ 11,998,297.07	$ 12,345,990.89	$ 12,703,847.12	$ 13,072,165.25	$ 13,451,253.66	$ 13,841,429.89	$ 194,259,405.68			
Unlevered IRR					-3.4%													
Total Project Cost						$ (354,799,200.00)												

PILOT: Scholars' Village

Scholars Village Newark, NJ Building Pro Forma				**monthly rent**
Retail/Restaurant	5000	Units	1	$ 50,000.00
Library	5000			$ -
Studio Apartments	138600	Units	143	$ 900.00
Studio Affordable			35	$ 540.00
1 Bed Apts	59400	Units	43	$ 1,200.00
1 Bed Affordable			10	$ 780.00
unit	284	523		
Gross Area	148600			
rentable	133740	90%		

						Construction		Operation										
Growth Assumptions						Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	year 7	year 8	year 9	year 10	year 11	year 12	
	Growth Rate							2%	2%	2%	2%	2%	2%	2%	2%	2%		
	Expense Growth Rate							2%	2%	2%	2%	2%	2%	2%	2%	2%		
	Purchase of Existing Bldg			(use Madison bldg(975000*		$ (4,875,000.00)												
	Construction		248	(DEVCO cost on 15 Washint		$ 19,375,200.00	$ 25,792,000.00											
	Equity Position					$ (11,291,800.00)												
Gross Potential Retail Rent			12					$ 750,000.00	$ 765,000.00	$ 780,300.00	$ 795,906.00	$ 811,824.12	$ 828,060.60	$ 844,621.81	$ 861,514.25	$ 878,744.54	$ 878,744.54	$ 878,744.54
	Vacancy/Credit Loss (% of Gross Rent)				4%			$ (30,000.00)	$ (30,600.00)	$ (31,212.00)	$ (31,836.24)	$ (32,472.96)	$ (33,122.42)	$ (33,784.87)	$ (34,460.57)	$ (35,149.78)	$ (35,149.78)	$ (35,149.78)
	Net Rental Income							$ 720,000.00	$ 734,400.00	$ 749,088.00	$ 764,069.76	$ 779,351.16	$ 794,938.18	$ 810,836.94	$ 827,053.68	$ 843,594.75	$ 843,594.75	$ 843,594.75
Gross Potential Studio Apartment Rent			12					$ 1,769,299.20	$ 1,769,299.20	$ 1,822,378.18	$ 1,877,049.52	$ 1,933,361.01	$ 1,991,361.84	$ 2,051,102.69	$ 2,112,635.77	$ 2,176,014.85	$ 2,241,295.29	$ 2,308,534.15
	Vacancy/Credit Loss (% of Gross Rent)				4%			$ (70,771.97)	$ (70,771.97)	$ (72,895.13)	$ (75,081.98)	$ (77,334.44)	$ (79,654.47)	$ (82,044.11)	$ (84,505.43)	$ (87,040.59)	$ (89,651.81)	$ (92,341.37)
	Net Rental Income							$ 1,698,527.23	$ 1,698,527.23	$ 1,749,483.05	$ 1,801,967.54	$ 1,856,026.57	$ 1,911,707.36	$ 1,969,058.58	$ 2,028,130.34	$ 2,088,974.25	$ 2,151,643.48	$ 2,216,192.78
Gross Potential 1 Bed Apartment Rent			12					$ 711,630.72	$ 725,863.33	$ 740,380.60	$ 755,188.21	$ 770,291.98	$ 785,697.82	$ 801,411.77	$ 817,440.01	$ 833,788.81	$ 850,464.59	$ 850,464.59
	Vacancy/Credit Loss (% of Gross Rent)				4%			$ (28,465.23)	$ (29,034.53)	$ (29,615.22)	$ (30,207.53)	$ (30,811.68)	$ (31,427.91)	$ (32,056.47)	$ (32,697.60)	$ (33,351.55)	$ (34,018.58)	$ (34,018.58)
	Net Rental Income							$ 683,165.49	$ 696,828.80	$ 710,765.38	$ 724,980.68	$ 739,480.30	$ 754,269.90	$ 769,355.30	$ 784,742.41	$ 800,437.26	$ 816,446.00	$ 816,446.00
Gross Potential Rent								$ 3,101,692.72	$ 3,129,756.03	$ 3,209,336.43	$ 3,291,017.99	$ 3,374,858.02	$ 3,460,915.45	$ 3,549,250.83	$ 3,639,926.43	$ 3,733,006.26	$ 3,811,684.24	$ 3,876,233.54
Operating Expenses																		
	tax		0.02215	PILOT				$ (1,144,912.33)	$ (1,167,810.57)	$ (1,191,166.78)	$ (1,214,990.12)	$ (1,239,289.92)	$ (1,264,075.72)	$ (1,289,357.24)	$ (1,315,144.38)	$ (1,341,447.27)	$ (1,368,276.21)	$ (1,395,641.74)
	other expenses		0.01		0			$ (31,016.93)	$ (31,637.27)	$ (32,270.01)	$ (32,915.41)	$ (33,573.72)	$ (34,245.19)	$ (34,930.10)	$ (35,628.70)	$ (36,341.27)	$ (37,068.10)	$ (37,809.46)
	free rent	(one month for first year)						$ (141,543.94)										
	lag	(50% in 6 months)						$ (604,631.81)										
	leasing cost		4.5%					$ (405,000.00)	0	0	0	0	0	0	0	0	0	0
	Total							$ 2,327,105.00	$ 1,199,447.84	$ 1,223,436.80	$ 1,247,905.53	$ 1,272,863.64	$ 1,298,320.91	$ 1,324,287.33	$ 1,350,773.08	$ 1,377,788.54	$ 1,405,344.31	$ 1,433,451.20
Net Operating Income (NOI)								$ 774,587.73	$ 1,930,308.19	$ 1,985,899.63	$ 2,043,112.45	$ 2,101,994.38	$ 2,162,594.53	$ 2,224,963.50	$ 2,289,153.35	$ 2,355,217.72	$ 2,406,339.92	$ 2,442,782.34
Capital Expense Reserve				100				$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)
Cash Flow Before Debt Service						$ (35,542,000.00)	$ (25,792,000.00)	$ 746,187.73	$ 1,901,908.19	$ 1,957,499.63	$ 2,014,712.45	$ 2,073,594.38	$ 2,134,194.53	$ 2,196,563.50	$ 2,260,753.35	$ 2,326,817.72	$ 2,377,939.92	$ 2,414,382.34
Cap Rate					8%													
Sales Price															$ 29,440,221.52			
Closing Costs as % of Sale Price					2%										$ (588,804.43)			
Total Sale Proceeds															$ 28,851,417.09			
Total Cash Flow Including Sale Proceeds						$ (35,542,000.00)	$ (25,792,000.00)	$ 746,187.73	$ 1,901,908.19	$ 1,957,499.63	$ 2,014,712.45	$ 2,073,594.38	$ 2,134,194.53	$ 2,196,563.50	$ 31,112,170.44			
Unlevered IRR					-4.2%													
Total Project Cost						$ (61,334,000.00)												

TIF: Creative Confluence

Creative Confluence Newark, NJ Building Pro Forma				**monthly rent**
Retail/Restaurant	59650	Units	13	$ 40,000.00
Gallary/Performance	59650	Units	9	$ 6,000.00
Amenity	59650			
Live/Work	59650	Units	39	$ 1,500.00
Live/Work Affordable			10	$ 900.00
Parking	310500	Spaces	1050	$ 100.00
1 Bedroom Apts	198762.5	Units	119	$ 1,300.00
1 Bedroom Affordable			30	$ 780.00
2 Bedroom Apts	198762.5	Units	95	$ 1,600.00
2 Bedroom Affordable			24	$ 960.00
3 Bedroom Apts	79505	Units	38	$ 1,900.00
3 Bed Affordable			10	$ 1,140.00
Studio Apts	318020	Units	327	$ 1,000.00
Studio Affordable			82	$ 600.00
unit	389	3,114		
Gross Area	1344150			
rentable	1209735	90%		

					Construction		Operation										
Growth Assumptions					Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	year 7	year 8	year 9	year 10	year 11	year 12	
	Growth Rate				2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	
	Expense Growth Rate						2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	
	Purchase of Existing Bldg		(use Madison bldg*22)		$ (21,450,000.00)												
	Construction Loan	248	(DEVCO cost on 15 Washinton		$ (88,909,863.89)	$ (166,674,600.00)											
Equity Position	TIFF	(15 yr NPV)			$ (99,214,736.11)												
Gross Potential Retail Rent		12					$ 6,495,885.00	$ 6,625,802.70	$ 6,824,576.78	$ 7,029,314.08	$ 7,240,193.51	$ 7,457,399.31	$ 7,681,121.29	$ 7,911,554.93	$ 8,148,901.58	$ 8,393,368.63	$ 8,645,169.68
	Vacancy/Credit Loss (% of Gross Rent)			4%			$ (259,835.40)	$ (265,032.11)	$ (272,983.07)	$ (281,172.56)	$ (289,607.74)	$ (298,295.97)	$ (307,244.85)	$ (316,462.20)	$ (325,956.06)	$ (335,734.75)	$ (345,806.79)
	Net Rental Income						$ 6,236,049.60	$ 6,360,770.59	$ 6,551,593.71	$ 6,748,141.52	$ 6,950,585.77	$ 7,159,103.34	$ 7,373,876.44	$ 7,595,092.73	$ 7,822,945.52	$ 8,057,633.88	$ 8,299,362.90
Gross Potential Studio Apartment Rent		12					$ 4,514,910.17	$ 4,514,910.17	$ 4,650,357.48	$ 4,789,868.20	$ 4,933,564.25	$ 5,081,571.17	$ 5,234,018.31	$ 5,391,038.86	$ 5,552,770.02	$ 5,719,353.13	$ 5,890,933.72
	Vacancy/Credit Loss (% of Gross Rent)			4%			$ (180,596.41)	$ (180,596.41)	$ (186,014.30)	$ (191,594.73)	$ (197,342.57)	$ (203,262.85)	$ (209,360.73)	$ (215,641.55)	$ (222,110.80)	$ (228,774.13)	$ (235,637.35)
	Net Rental Income						$ 4,334,313.76	$ 4,334,313.76	$ 4,464,343.18	$ 4,598,273.47	$ 4,736,221.68	$ 4,878,308.33	$ 5,024,657.58	$ 5,175,397.30	$ 5,330,659.22	$ 5,490,579.00	$ 5,655,296.37
Gross Potential Live/Work Rent		12					$ 810,314.18	$ 826,520.47	$ 843,050.87	$ 859,911.89	$ 877,110.13	$ 894,652.33	$ 912,545.38	$ 930,796.29	$ 949,412.21	$ 968,400.46	$ 987,768.47
	Vacancy/Credit Loss (% of Gross Rent)			4%			$ (32,412.57)	$ (33,060.82)	$ (33,722.03)	$ (34,396.48)	$ (35,084.41)	$ (35,786.09)	$ (36,501.82)	$ (37,231.85)	$ (37,976.49)	$ (38,736.02)	$ (39,510.74)
	Net Rental Income						$ 777,901.61	$ 793,459.65	$ 809,328.84	$ 825,515.42	$ 842,025.72	$ 858,866.24	$ 876,043.56	$ 893,564.44	$ 911,435.72	$ 929,664.44	$ 948,257.73
Gross Potential 1 Bed Rent		12					$ 2,138,806.80	$ 2,181,582.94	$ 2,225,214.59	$ 2,269,718.89	$ 2,315,113.26	$ 2,361,415.53	$ 2,408,643.84	$ 2,456,816.72	$ 2,505,953.05	$ 2,556,072.11	$ 2,607,193.55
	Vacancy/Credit Loss (% of Gross Rent)			4%			$ (85,552.27)	$ (87,263.32)	$ (89,008.58)	$ (90,788.76)	$ (92,604.53)	$ (94,456.62)	$ (96,345.75)	$ (98,272.67)	$ (100,238.12)	$ (102,242.88)	$ (104,287.74)
	Net Rental Income						$ 2,053,254.53	$ 2,094,319.62	$ 2,136,206.01	$ 2,178,930.13	$ 2,222,508.73	$ 2,266,958.91	$ 2,312,298.09	$ 2,358,544.05	$ 2,405,714.93	$ 2,453,829.23	$ 2,502,905.81
Gross Potential 2 Bed Rent		12					$ 2,103,598.08	$ 2,145,670.04	$ 2,188,583.44	$ 2,232,355.11	$ 2,277,002.21	$ 2,322,542.26	$ 2,368,993.10	$ 2,416,372.96	$ 2,464,700.42	$ 2,513,994.43	$ 2,564,274.32
	Vacancy/Credit Loss (% of Gross Rent)			4%			$ (84,143.92)	$ (85,826.80)	$ (87,543.34)	$ (89,294.20)	$ (91,080.09)	$ (92,901.69)	$ (94,759.72)	$ (96,654.92)	$ (98,588.02)	$ (100,559.78)	$ (102,570.97)
	Net Rental Income						$ 2,019,454.16	$ 2,059,843.24	$ 2,101,040.10	$ 2,143,060.91	$ 2,185,922.12	$ 2,229,640.57	$ 2,274,233.38	$ 2,319,718.05	$ 2,366,112.41	$ 2,413,434.66	$ 2,461,703.35
Gross Potential 3 Bed Rent		12					$ 1,004,681.09	$ 1,024,774.71	$ 1,045,270.20	$ 1,066,175.61	$ 1,087,499.12	$ 1,109,249.10	$ 1,131,434.08	$ 1,154,062.77	$ 1,177,144.02	$ 1,200,686.90	$ 1,224,700.64
	Vacancy/Credit Loss (% of Gross Rent)			4%			$ (40,187.24)	$ (40,990.99)	$ (41,810.81)	$ (42,647.02)	$ (43,499.96)	$ (44,369.96)	$ (45,257.36)	$ (46,162.51)	$ (47,085.76)	$ (48,027.48)	$ (48,988.03)
	Net Rental Income						$ 964,493.84	$ 983,783.72	$ 1,003,459.40	$ 1,023,528.58	$ 1,043,999.16	$ 1,064,879.14	$ 1,086,176.72	$ 1,107,900.26	$ 1,130,058.26	$ 1,152,659.43	$ 1,175,712.61
Gross Potential Parking Rent		12					$ 1,260,000.00	$ 1,285,200.00	$ 1,310,904.00	$ 1,337,122.08	$ 1,363,864.52	$ 1,391,141.81	$ 1,418,964.65	$ 1,447,343.94	$ 1,476,290.82	$ 1,505,816.64	$ 1,535,932.97
	Net Rental Income						$ 1,260,000.00	$ 1,285,200.00	$ 1,310,904.00	$ 1,337,122.08	$ 1,363,864.52	$ 1,391,141.81	$ 1,418,964.65	$ 1,447,343.94	$ 1,476,290.82	$ 1,505,816.64	$ 1,535,932.97
Gross Rent-All Sources							$ 17,645,467.51	$ 17,911,690.58	$ 18,376,875.24	$ 18,854,572.11	$ 19,345,127.70	$ 19,848,898.33	$ 20,366,250.42	$ 20,897,560.76	$ 21,443,216.88	$ 22,003,617.27	$ 22,579,171.74
Operating Expenses																	
	tax	0.02953					$ 7,443,866.51	$ 7,592,743.84	$ 7,744,598.71	$ 7,899,490.69	$ 8,057,480.50	$ 8,218,630.11	$ 8,383,002.71	$ 8,550,662.77	$ 8,721,676.02	$ 8,896,109.54	$ 9,074,031.74
	other expenses	0.01					$ 176,454.68	$ 179,983.77	$ 183,583.44	$ 187,255.11	$ 191,000.22	$ 194,820.22	$ 198,716.62	$ 202,690.96	$ 206,744.78	$ 210,879.67	$ 215,097.26
	free rent	(one month for first year)					$ 976,206.74										
	lag	(50% in 6 months)					$ 4,411,366.88										
	leasing cost	4.5%					$ 4,783,333.50	0	0	0	0	0	0	0	0	0	0
	Total						$(17,791,228.30)	$ (7,772,727.61)	$ (7,928,182.16)	$ (8,086,745.80)	$ (8,248,480.72)	$ (8,413,450.33)	$ (8,581,719.34)	$ (8,753,353.73)	$ (8,928,420.80)	$ (9,106,989.22)	$ (9,289,129.00)
Net Operating Income (NOI)							$ (145,760.79)	$ 10,138,962.98	$ 10,448,693.08	$ 10,767,826.31	$ 11,096,646.99	$ 11,435,448.00	$ 11,784,531.08	$ 12,144,207.04	$ 12,514,796.08	$ 12,896,628.05	$ 13,290,042.74
Capital Expense Reserve			100				$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)
Cash Flow					$ (188,124,600.00)	$ (166,674,600.00)	$ (184,612.66)	$ 10,100,111.11	$ 10,409,841.21	$ 10,728,974.44	$ 11,057,795.12	$ 11,396,596.13	$ 11,745,679.21	$ 12,105,355.17	$ 12,475,944.21	$ 12,857,776.18	$ 13,251,190.87
	R																
Cap Rate				8%													
Sales Price														$ 156,434,951.01			
Closing Costs as % of Sale Price				2%										$ (3,128,699.02)			
Total Sale Proceeds														$ 153,306,251.99			
Total Cash Flow Including Sale Proceeds					$ (188,124,600.00)	$ (166,674,600.00)	$ (184,612.66)	$ 10,100,111.11	$ 10,409,841.21	$ 10,728,974.44	$ 11,057,795.12	$ 11,396,596.13	$ 11,745,679.21	$ 165,411,607.16			
Unlevered IRR				-5.5%													
Total Project Cost					$ (354,799,200.00)												

TIF: Scholars' Village

Scholars Village Newark, NJ Building Pro Forma				**monthly rent**
Retail/Restaurant	5000	Units	1	$ 50,000.00
Library	5000			$ -
Studio Apartments	138600	Units	143	$ 900.00
Studio Affordable			35	$ 540.00
1 Bed Apts	59400	Units	43	$ 1,200.00
1 Bed Affordable			10	$ 780.00
unit	284	732		
Gross Area	208000			
rentable	187200	90%		

						Construction		Operation										
Growth Assumptions						Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	year 7	year 8	year 9	year 10	year 11	year 12	
	Growth Rate							2%	2%	2%	2%	2%	2%	2%	2%	2%		
	Expense Growth Rate							2%	2%	2%	2%	2%	2%	2%	2%	2%		
	Purchase of Existing Bldg			(use Madison bldg(975000*		$ (4,875,000.00)												
	Construction		248	(DEVCO cost on 15 Washint		$ (39,570,464.11)	$ 12,013,535.89											
Equity Position	TIFF	(15 Yr NPV)				$ 17,152,535.89	51848000											
Gross Potential Retail Rent			12					$ 750,000.00	$ 765,000.00	$ 780,300.00	$ 795,906.00	$ 811,824.12	$ 828,060.60	$ 844,621.81	$ 861,514.25	$ 878,744.54	$ 878,744.54	$ 878,744.54
	Vacancy/Credit Loss (% of Gross Rent)				4%			$ (30,000.00)	$ (30,600.00)	$ (31,212.00)	$ (31,836.24)	$ (32,472.96)	$ (33,122.42)	$ (33,784.87)	$ (34,460.57)	$ (35,149.78)	$ (35,149.78)	$ (35,149.78)
	Net Rental Income							$ 720,000.00	$ 734,400.00	$ 749,088.00	$ 764,069.76	$ 779,351.16	$ 794,938.18	$ 810,836.94	$ 827,053.68	$ 843,594.75	$ 843,594.75	$ 843,594.75
Gross Potential Studio Apartment Rent			12					$ 1,769,299.20	$ 1,769,299.20	$ 1,822,378.18	$ 1,877,049.52	$ 1,933,361.01	$ 1,991,361.84	$ 2,051,102.69	$ 2,112,635.77	$ 2,176,014.85	$ 2,241,295.29	$ 2,308,534.15
	Vacancy/Credit Loss (% of Gross Rent)				4%			$ (70,771.97)	$ (70,771.97)	$ (72,895.13)	$ (75,081.98)	$ (77,334.44)	$ (79,654.47)	$ (82,044.11)	$ (84,505.43)	$ (87,040.59)	$ (89,651.81)	$ (92,341.37)
	Net Rental Income							$ 1,698,527.23	$ 1,698,527.23	$ 1,749,483.05	$ 1,801,967.54	$ 1,856,026.57	$ 1,911,707.36	$ 1,969,058.58	$ 2,028,130.34	$ 2,088,974.25	$ 2,151,643.48	$ 2,216,192.78
Gross Potential 1 Bed Apartment Rent			12					$ 711,630.72	$ 725,863.33	$ 740,380.60	$ 755,188.21	$ 770,291.98	$ 785,697.82	$ 801,411.77	$ 817,440.01	$ 833,788.81	$ 850,464.59	$ 850,464.59
	Vacancy/Credit Loss (% of Gross Rent)				4%			$ (28,465.23)	$ (29,034.53)	$ (29,615.22)	$ (30,207.53)	$ (30,811.68)	$ (31,427.91)	$ (32,056.47)	$ (32,697.60)	$ (33,351.55)	$ (34,018.58)	$ (34,018.58)
	Net Rental Income							$ 683,165.49	$ 696,828.80	$ 710,765.38	$ 724,980.68	$ 739,480.30	$ 754,269.90	$ 769,355.30	$ 784,742.41	$ 800,437.26	$ 816,446.00	$ 816,446.00
Gross Potential Rent								$ 3,101,692.72	$ 3,129,756.03	$ 3,209,336.43	$ 3,291,017.99	$ 3,374,858.02	$ 3,460,915.45	$ 3,549,250.83	$ 3,639,926.43	$ 3,733,006.26	$ 3,811,684.24	$ 3,876,233.54
Operating Expenses																		
	tax		0.030					$ (1,526,549.77)	$ (1,557,080.76)	$ (1,588,222.38)	$ (1,619,986.83)	$ (1,652,386.56)	$ (1,685,434.29)	$ (1,719,142.98)	$ (1,753,525.84)	$ (1,788,596.36)	$ (1,824,368.28)	$ (1,860,855.65)
	other expenses		0.01		0			$ (31,016.93)	$ (31,637.27)	$ (32,270.01)	$ (32,915.41)	$ (33,573.72)	$ (34,245.19)	$ (34,930.10)	$ (35,628.70)	$ (36,341.27)	$ (37,068.10)	$ (37,809.46)
	free rent	(one month for first year)						$ (141,543.94)										
	lag	(50% in 6 months)						$ (604,631.81)										
	leasing cost		4.5%					$ (405,000.00)	0	0	0	0	0	0	0	0	0	0
	Total							$ 2,708,742.44	$ 1,588,718.03	$ 1,620,492.39	$ 1,652,902.24	$ 1,685,960.28	$ 1,719,679.49	$ 1,754,073.08	$ 1,789,154.54	$ 1,824,937.63	$ 1,861,436.38	$ 1,898,665.11
Net Operating Income (NOI)								$ 392,950.28	$ 1,541,038.00	$ 1,588,844.04	$ 1,638,115.75	$ 1,688,897.74	$ 1,741,235.96	$ 1,795,177.75	$ 1,850,771.89	$ 1,908,068.63	$ 1,950,247.85	$ 1,977,568.43
Capital Expense Reserve				100				$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)
Cash Flow Before Debt Service						$ (27,292,928.21)	$ (12,013,535.89)	$ 364,550.28	$ 1,512,638.00	$ 1,560,444.04	$ 1,609,715.75	$ 1,660,497.74	$ 1,712,835.96	$ 1,766,777.75	$ 1,822,371.89	$ 1,879,668.63	$ 1,921,847.85	$ 1,949,168.43
Cap Rate					8%													
Sales Price															$ 23,850,857.91			
Closing Costs as % of Sale Price					2%										$ (477,017.16)			
Total Sale Proceeds															$ 23,373,840.75			
Total Cash Flow Including Sale Proceeds						$ (27,292,928.21)	$ (12,013,535.89)	$ 364,550.28	$ 1,512,638.00	$ 1,560,444.04	$ 1,609,715.75	$ 1,660,497.74	$ 1,712,835.96	$ 1,766,777.75	$ 25,196,212.64			
Unlevered IRR					-1.4%													
Total Project Cost						$ (39,306,464.11)												

All Affordable: Creative Confluence

Creative Confluence Newark, NJ Building Pro Forma				monthly rent
Retail/Restaurant	59650	Units	13	$ 40,000.00
Gallary/Performance	59650	Units	9	$ 6,000.00
Amenity	59650			
Live/Work	59650	Units	49	$ 900.00
Parking	310500	Spaces	1050	$ 100.00
1 Bedroom Affordable Apts	198762.5	Units	149	$ 780.00
2 Bedroom Affordable Apts	198762.5	Units	95	$ 960.00
3 Bedroom Affordable Apts	79505	Units	48	$ 1,140.00
Studio Affordable Apts	318020	Units	409	$ 600.00
unit	480	2,520		
Gross Area	1344150			
rentable	1209735	90%		

					Construction		Operation										
Growth Assumptions					Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	year 7	year 8	year 9	year 10	year 11	year 12	
	Growth Rate				2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	
	Expense Growth Rate						2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	
	Purchase of Existing Bldg		(use Madison bldg*22)		$ (21,450,000.00)												
	Construction Loan	248	(DEVCO cost on 15 Washinton		$ (121,454,760.00)	$ (166,674,600.00)											
	Equity Position				$ (66,669,840.00)												
Gross Potential Retail Rent		12					$ 6,495,885.00	$ 6,625,802.70	$ 6,824,576.78	$ 7,029,314.08	$ 7,240,193.51	$ 7,457,399.31	$ 7,681,121.29	$ 7,911,554.93	$ 8,148,901.58	$ 8,393,368.63	$ 8,645,169.68
	Vacancy/Credit Loss (% of Gross Rent)			4%			$ (259,835.40)	$ (265,032.11)	$ (272,983.07)	$ (281,172.56)	$ (289,607.74)	$ (298,295.97)	$ (307,244.85)	$ (316,462.20)	$ (325,956.06)	$ (335,734.75)	$ (345,806.79)
	Net Rental Income						$ 6,236,049.60	$ 6,360,770.59	$ 6,551,593.71	$ 6,748,141.52	$ 6,950,585.77	$ 7,159,103.34	$ 7,373,876.44	$ 7,595,092.73	$ 7,822,945.52	$ 8,057,633.88	$ 8,299,362.90
Gross Potential Studio Apartment Rent		12					$ 2,943,956.57	$ 2,943,956.57	$ 3,032,275.27	$ 3,123,243.53	$ 3,216,940.83	$ 3,313,449.06	$ 3,412,852.53	$ 3,515,238.10	$ 3,620,695.25	$ 3,729,316.11	$ 3,841,195.59
	Vacancy/Credit Loss (% of Gross Rent)			4%			$ (117,758.26)	$ (117,758.26)	$ (121,291.01)	$ (124,929.74)	$ (128,677.63)	$ (132,537.96)	$ (136,514.10)	$ (140,609.52)	$ (144,827.81)	$ (149,172.64)	$ (153,647.82)
	Net Rental Income						$ 2,826,198.31	$ 2,826,198.31	$ 2,910,984.26	$ 2,998,313.79	$ 3,088,263.20	$ 3,180,911.10	$ 3,276,338.43	$ 3,374,628.58	$ 3,475,867.44	$ 3,580,143.46	$ 3,687,547.77
Gross Potential Live/Work Rent		12					$ 527,089.09	$ 537,630.87	$ 548,383.49	$ 559,351.16	$ 570,538.18	$ 581,948.95	$ 593,587.93	$ 605,459.68	$ 617,568.88	$ 629,920.26	$ 642,518.66
	Vacancy/Credit Loss (% of Gross Rent)			4%			$ (21,083.56)	$ (21,505.23)	$ (21,935.34)	$ (22,374.05)	$ (22,821.53)	$ (23,277.96)	$ (23,743.52)	$ (24,218.39)	$ (24,702.76)	$ (25,196.81)	$ (25,700.75)
	Net Rental Income						$ 506,005.53	$ 516,125.64	$ 526,448.15	$ 536,977.11	$ 547,716.66	$ 558,670.99	$ 569,844.41	$ 581,241.30	$ 592,866.12	$ 604,723.45	$ 616,817.91
Gross Potential 1 Bed Rent		12					$ 1,395,312.75	$ 1,423,219.01	$ 1,451,683.39	$ 1,480,717.05	$ 1,510,331.39	$ 1,540,538.02	$ 1,571,348.78	$ 1,602,775.76	$ 1,634,831.27	$ 1,667,527.90	$ 1,700,878.46
	Vacancy/Credit Loss (% of Gross Rent)			4%			$ (55,812.51)	$ (56,928.76)	$ (58,067.34)	$ (59,228.68)	$ (60,413.26)	$ (61,621.52)	$ (62,853.95)	$ (64,111.03)	$ (65,393.25)	$ (66,701.12)	$ (68,035.14)
	Net Rental Income						$ 1,339,500.24	$ 1,366,290.24	$ 1,393,616.05	$ 1,421,488.37	$ 1,449,918.14	$ 1,478,916.50	$ 1,508,494.83	$ 1,538,664.73	$ 1,569,438.02	$ 1,600,826.78	$ 1,632,843.32
Gross Potential 2 Bed Rent		12					$ 1,099,077.12	$ 1,121,058.66	$ 1,143,479.84	$ 1,166,349.43	$ 1,189,676.42	$ 1,213,469.95	$ 1,237,739.35	$ 1,262,494.14	$ 1,287,744.02	$ 1,313,498.90	$ 1,339,768.88
	Vacancy/Credit Loss (% of Gross Rent)			4%			$ (43,963.08)	$ (44,842.35)	$ (45,739.19)	$ (46,653.98)	$ (47,587.06)	$ (48,538.80)	$ (49,509.57)	$ (50,499.77)	$ (51,509.76)	$ (52,539.96)	$ (53,590.76)
	Net Rental Income						$ 1,055,114.04	$ 1,076,216.32	$ 1,097,740.64	$ 1,119,695.46	$ 1,142,089.36	$ 1,164,931.15	$ 1,188,229.77	$ 1,211,994.37	$ 1,236,234.26	$ 1,260,958.94	$ 1,286,178.12
Gross Potential 3 Bed Rent		12					$ 652,577.04	$ 665,628.58	$ 678,941.15	$ 692,519.98	$ 706,370.37	$ 720,497.78	$ 734,907.74	$ 749,605.89	$ 764,598.01	$ 779,889.97	$ 795,487.77
	Vacancy/Credit Loss (% of Gross Rent)			4%			$ (26,103.08)	$ (26,625.14)	$ (27,157.65)	$ (27,700.80)	$ (28,254.81)	$ (28,819.91)	$ (29,396.31)	$ (29,984.24)	$ (30,583.92)	$ (31,195.60)	$ (31,819.51)
	Net Rental Income						$ 626,473.96	$ 639,003.44	$ 651,783.51	$ 664,819.18	$ 678,115.56	$ 691,677.87	$ 705,511.43	$ 719,621.66	$ 734,014.09	$ 748,694.37	$ 763,668.26
Gross Potential Parking Rent		12					$ 1,260,000.00	$ 1,285,200.00	$ 1,310,904.00	$ 1,337,122.08	$ 1,363,864.52	$ 1,391,141.81	$ 1,418,964.65	$ 1,447,343.94	$ 1,476,290.82	$ 1,505,816.64	$ 1,535,932.97
	Net Rental Income						$ 1,260,000.00	$ 1,285,200.00	$ 1,310,904.00	$ 1,337,122.08	$ 1,363,864.52	$ 1,391,141.81	$ 1,418,964.65	$ 1,447,343.94	$ 1,476,290.82	$ 1,505,816.64	$ 1,535,932.97
Gross Rent-All Sources							$ 13,849,341.67	$ 14,069,804.54	$ 14,443,070.32	$ 14,826,557.50	$ 15,220,553.21	$ 15,625,352.76	$ 16,041,259.96	$ 16,468,587.31	$ 16,907,656.27	$ 17,358,797.52	$ 17,822,351.24
Operating Expenses																	
	tax	0.02953					$ 5,842,443.71	$ 5,959,292.58	$ 6,078,478.43	$ 6,200,048.00	$ 6,324,048.96	$ 6,450,529.94	$ 6,579,540.54	$ 6,711,131.35	$ 6,845,353.98	$ 6,982,261.06	$ 7,121,906.28
	other expenses	0.01					$ 138,493.42	$ 141,263.29	$ 144,088.55	$ 146,970.32	$ 149,909.73	$ 152,907.92	$ 155,966.08	$ 159,085.40	$ 162,267.11	$ 165,512.45	$ 168,822.70
	free rent (one month for first year)						$ 879,788.81										
	lag (50% in 6 months)						$ 3,462,335.42										
	leasing cost	4.5%					$ 4,783,333.50	0	0	0	0	0	0	0	0	0	0
	Total						$(15,106,394.85)	$ (6,100,555.87)	$ (6,222,566.98)	$ (6,347,018.32)	$ (6,473,958.69)	$ (6,603,437.86)	$ (6,735,506.62)	$ (6,870,216.75)	$ (7,007,621.09)	$ (7,147,773.51)	$ (7,290,728.98)
Net Operating Income (NOI)							$ (1,257,053.18)	$ 7,969,248.67	$ 8,220,503.33	$ 8,479,539.18	$ 8,746,594.52	$ 9,021,914.90	$ 9,305,753.34	$ 9,598,370.55	$ 9,900,035.18	$ 10,211,024.01	$ 10,531,622.26
Capital Expense Reserve			100				$ (48,005.62)	$ (48,005.62)	$ (48,005.62)	$ (48,005.62)	$ (48,005.62)	$ (48,005.62)	$ (48,005.62)	$ (48,005.62)	$ (48,005.62)	$ (48,005.62)	$ (48,005.62)
Cash Flow					$(188,124,600.00)	$(166,674,600.00)	$ (1,305,058.79)	$ 7,921,243.06	$ 8,172,497.72	$ 8,431,533.56	$ 8,698,588.90	$ 8,973,909.28	$ 9,257,747.72	$ 9,550,364.94	$ 9,852,029.56	$ 10,163,018.40	$ 10,483,616.65
	R																
Cap Rate				8%													
Sales Price														$ 123,750,439.72			
Closing Costs as % of Sale Price				2%										$ (2,475,008.79)			
Total Sale Proceeds														$ 121,275,430.93			
Total Cash Flow Including Sale Proceeds					$(188,124,600.00)	$(166,674,600.00)	$ (1,305,058.79)	$ 7,921,243.06	$ 8,172,497.72	$ 8,431,533.56	$ 8,698,588.90	$ 8,973,909.28	$ 9,257,747.72	$ 130,825,795.86			
Unlevered IRR				-8.4%													
Total Project Cost					$(354,799,200.00)												

All Affordable: Scholar's Village

Scholars Village Newark, NJ Building Pro Forma				**monthly rent**
Retail/Restaurant	5000	Units	1	$ 50,000.00
Library	5000			$ -
Studio Affordable Apartments	138600	Units	178	$ 540.00
1 Bed Affordable Apts	59400	Units	53	$ 1,200.00
unit	284	523		
Gross Area	148600			
rentable	133740	90%		

					Construction		Operation										
Growth Assumptions					Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	year 7	year 8	year 9	year 10	year 11	year 12	
	Growth Rate						2%	2%	2%	2%	2%	2%	2%	2%	2%		
	Expense Growth Rate						2%	2%	2%	2%	2%	2%	2%	2%	2%		
	Purchase of Existing Bldg		(use Madison bldg(975000*		$ (4,875,000.00)												
	Construction	248	(DEVCO cost on 15 Washint		$ 19,375,200.00	$ 25,792,000.00											
	Equity Position				$ (11,291,800.00)												
Gross Potential Retail Rent		12					$ 750,000.00	$ 765,000.00	$ 780,300.00	$ 795,906.00	$ 811,824.12	$ 828,060.60	$ 844,621.81	$ 861,514.25	$ 878,744.54	$ 878,744.54	$ 878,744.54
	Vacancy/Credit Loss (% of Gross Rent)			4%			$ (30,000.00)	$ (30,600.00)	$ (31,212.00)	$ (31,836.24)	$ (32,472.96)	$ (33,122.42)	$ (33,784.87)	$ (34,460.57)	$ (35,149.78)	$ (35,149.78)	$ (35,149.78)
	Net Rental Income						$ 720,000.00	$ 734,400.00	$ 749,088.00	$ 764,069.76	$ 779,351.16	$ 794,938.18	$ 810,836.94	$ 827,053.68	$ 843,594.75	$ 843,594.75	$ 843,594.75
Gross Potential Studio Apartment Rent		12					$ 1,154,736.00	$ 1,177,830.72	$ 1,201,387.33	$ 1,225,415.08	$ 1,249,923.38	$ 1,274,921.85	$ 1,300,420.29	$ 1,326,428.69	$ 1,352,957.27	$ 1,380,016.41	$ 1,421,416.90
	Vacancy/Credit Loss (% of Gross Rent)			4%			$ (46,189.44)	$ (47,113.23)	$ (48,055.49)	$ (49,016.60)	$ (49,996.94)	$ (50,996.87)	$ (52,016.81)	$ (53,057.15)	$ (54,118.29)	$ (55,200.66)	$ (56,856.68)
	Net Rental Income						$ 1,108,546.56	$ 1,130,717.49	$ 1,153,331.84	$ 1,176,398.48	$ 1,199,926.45	$ 1,223,924.98	$ 1,248,403.48	$ 1,273,371.55	$ 1,298,838.98	$ 1,324,815.76	$ 1,364,560.23
Gross Potential 1 Bed Apartment Rent		12					$ 769,824.00	$ 785,220.48	$ 800,924.89	$ 816,943.39	$ 833,282.26	$ 849,947.90	$ 866,946.86	$ 884,285.80	$ 901,971.51	$ 920,010.94	$ 920,010.94
	Vacancy/Credit Loss (% of Gross Rent)			4%			$ (30,792.96)	$ (31,408.82)	$ (32,037.00)	$ (32,677.74)	$ (33,331.29)	$ (33,997.92)	$ (34,677.87)	$ (35,371.43)	$ (36,078.86)	$ (36,800.44)	$ (36,800.44)
	Net Rental Income						$ 739,031.04	$ 753,811.66	$ 768,887.89	$ 784,265.65	$ 799,950.96	$ 815,949.98	$ 832,268.98	$ 848,914.36	$ 865,892.65	$ 883,210.50	$ 883,210.50
Gross Potential Rent							$ 2,567,577.60	$ 2,618,929.15	$ 2,671,307.74	$ 2,724,733.89	$ 2,779,228.57	$ 2,834,813.14	$ 2,891,509.40	$ 2,949,339.59	$ 3,008,326.38	$ 3,051,621.01	$ 3,091,365.49
Operating Expenses																	
	tax	0.030					$ (1,263,676.11)	$ (1,288,949.63)	$ (1,314,728.62)	$ (1,341,023.20)	$ (1,367,843.66)	$ (1,395,200.53)	$ (1,423,104.54)	$ (1,451,566.63)	$ (1,480,597.97)	$ (1,510,209.93)	$ (1,540,414.13)
	other expenses	0.01		0			$ (25,675.78)	$ (26,189.29)	$ (26,713.08)	$ (27,247.34)	$ (27,792.29)	$ (28,348.13)	$ (28,915.09)	$ (29,493.40)	$ (30,083.26)	$ (30,684.93)	$ (31,298.63)
	free rent	(one month for first year)					$ (92,378.88)										
	lag	(50% in 6 months)					$ (457,136.64)										
	leasing cost	4.5%					$ (405,000.00)	0	0	0	0	0	0	0	0	0	0
	Total						$ 2,243,867.40	$ 1,315,138.92	$ 1,341,441.70	$ 1,368,270.53	$ 1,395,635.95	$ 1,423,548.66	$ 1,452,019.64	$ 1,481,060.03	$ 1,510,681.23	$ 1,540,894.86	$ 1,571,712.75
Net Operating Income (NOI)							$ 323,710.20	$ 1,303,790.23	$ 1,329,866.03	$ 1,356,463.35	$ 1,383,592.62	$ 1,411,264.47	$ 1,439,489.76	$ 1,468,279.56	$ 1,497,645.15	$ 1,510,726.16	$ 1,519,652.73
Capital Expense Reserve			100				$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)
Cash Flow Before Debt Service					$ (35,542,000.00)	$ (25,792,000.00)	$ 295,310.20	$ 1,275,390.23	$ 1,301,466.03	$ 1,328,063.35	$ 1,355,192.62	$ 1,382,864.47	$ 1,411,089.76	$ 1,439,879.56	$ 1,469,245.15	$ 1,482,326.16	$ 1,491,252.73
Cap Rate				8%													
Sales Price														$ 18,720,564.38			
Closing Costs as % of Sale Price				2%										$ (374,411.29)			
Total Sale Proceeds														$ 18,346,153.09			
Total Cash Flow Including Sale Proceeds					$ (35,542,000.00)	$ (25,792,000.00)	$ 295,310.20	$ 1,275,390.23	$ 1,301,466.03	$ 1,328,063.35	$ 1,355,192.62	$ 1,382,864.47	$ 1,411,089.76	$ 19,786,032.65			
Unlevered IRR				-9.7%													
Total Project Cost					$ (61,334,000.00)												

RECOMMENDED: Creative Confluence

Creative Confluence Newark, NJ Building Pro Forma				**monthly rent**
Retail/Restaurant	59650	Units	13	$ 40,000.00
Gallery/Performance	59650	Units	9	$ 6,000.00
Amenity	59650			
Live/Work	59650	Units	39	$ 1,500.00
Live/Work Affordable			10	$ 900.00
Parking	310500	Spaces	1050	$ 100.00
1 Bedroom Apts	198762.5	Units	119	$ 1,300.00
1 Bedroom Affordable			30	$ 780.00
2 Bedroom Apts	198762.5	Units	95	$ 1,600.00
2 Bedroom Affordable			24	$ 960.00
3 Bedroom Apts	79505	Units	38	$ 1,900.00
3 Bed Affordable			10	$ 1,140.00
Studio Apts	318020	Units	327	$ 1,000.00
Studio Affordable			82	$ 600.00
unit	389	3,114		
Gross Area	1344150			
rentable	1209735	90%		

					Construction		Operation										
Growth Assumptions					Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	year 7	year 8	year 9	year 10	year 11	year 12	
	Growth Rate				2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	
	Expense Growth Rate						2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	
	Purchase of Existing Bldg		(use Madison bldg*22)		$ (21,450,000.00)												
	Construction Loan	248	(DEVCO cost on 15 Washinton		$ (131,121,886.80)	$ (166,674,600.00)											
	HTC	20%			$ 66,669,840.00												
	TIFF	15 YR NPV			$ 99,214,736.00												
	LIHTC	9% annually of 20% of the project cost			$ 57,002,713.20												
	Total of all Equity Sources				$ 222,887,289.20												
Gross Potential Retail Rent		12					$ 6,495,885.00	$ 6,625,802.70	$ 6,824,576.78	$ 7,029,314.08	$ 7,240,193.51	$ 7,457,399.31	$ 7,681,121.29	$ 7,911,554.93	$ 8,148,901.58	$ 8,393,368.63	$ 8,645,169.68
	Vacancy/Credit Loss (% of Gross Rent)			4%			$ (259,835.40)	$ (265,032.11)	$ (272,983.07)	$ (281,172.56)	$ (289,607.74)	$ (298,295.97)	$ (307,244.85)	$ (316,462.20)	$ (325,956.06)	$ (335,734.75)	$ (345,806.79)
	Net Rental Income						$ 6,236,049.60	$ 6,360,770.59	$ 6,551,593.71	$ 6,748,141.52	$ 6,950,585.77	$ 7,159,103.34	$ 7,373,876.44	$ 7,595,092.73	$ 7,822,945.52	$ 8,057,633.88	$ 8,299,362.90
Gross Potential Studio Apartment Rent		12					$ 4,514,910.17	$ 4,514,910.17	$ 4,650,357.48	$ 4,789,868.20	$ 4,933,564.25	$ 5,081,571.17	$ 5,234,018.31	$ 5,391,038.86	$ 5,552,770.02	$ 5,719,353.13	$ 5,890,933.72
	Vacancy/Credit Loss (% of Gross Rent)			4%			$ (180,596.41)	$ (180,596.41)	$ (186,014.30)	$ (191,594.73)	$ (197,342.57)	$ (203,262.85)	$ (209,360.73)	$ (215,641.55)	$ (222,110.80)	$ (228,774.13)	$ (235,637.35)
	Net Rental Income						$ 4,334,313.76	$ 4,334,313.76	$ 4,464,343.18	$ 4,598,273.47	$ 4,736,221.68	$ 4,878,308.33	$ 5,024,657.58	$ 5,175,397.30	$ 5,330,659.22	$ 5,490,579.00	$ 5,655,296.37
Gross Potential Live/Work Rent		12					$ 810,314.18	$ 826,520.47	$ 843,050.87	$ 859,911.89	$ 877,110.13	$ 894,652.33	$ 912,545.38	$ 930,796.29	$ 949,412.21	$ 968,400.46	$ 987,768.47
	Vacancy/Credit Loss (% of Gross Rent)			4%			$ (32,412.57)	$ (33,060.82)	$ (33,722.03)	$ (34,396.48)	$ (35,084.41)	$ (35,786.09)	$ (36,501.82)	$ (37,231.85)	$ (37,976.49)	$ (38,736.02)	$ (39,510.74)
	Net Rental Income						$ 777,901.61	$ 793,459.65	$ 809,328.84	$ 825,515.42	$ 842,025.72	$ 858,866.24	$ 876,043.56	$ 893,564.44	$ 911,435.72	$ 929,664.44	$ 948,257.73
Gross Potential 1 Bed Rent		12					$ 2,138,806.80	$ 2,181,582.94	$ 2,225,214.59	$ 2,269,718.89	$ 2,315,113.26	$ 2,361,415.53	$ 2,408,643.84	$ 2,456,816.72	$ 2,505,953.05	$ 2,556,072.11	$ 2,607,193.55
	Vacancy/Credit Loss (% of Gross Rent)			4%			$ (85,552.27)	$ (87,263.32)	$ (89,008.58)	$ (90,788.76)	$ (92,604.53)	$ (94,456.62)	$ (96,345.75)	$ (98,272.67)	$ (100,238.12)	$ (102,242.88)	$ (104,287.74)
	Net Rental Income						$ 2,053,254.53	$ 2,094,319.62	$ 2,136,206.01	$ 2,178,930.13	$ 2,222,508.73	$ 2,266,958.91	$ 2,312,298.09	$ 2,358,544.05	$ 2,405,714.93	$ 2,453,829.23	$ 2,502,905.81
Gross Potential 2 Bed Rent		12					$ 2,103,598.08	$ 2,145,670.04	$ 2,188,583.44	$ 2,232,355.11	$ 2,277,002.21	$ 2,322,542.26	$ 2,368,993.10	$ 2,416,372.96	$ 2,464,700.42	$ 2,513,994.43	$ 2,564,274.32
	Vacancy/Credit Loss (% of Gross Rent)			4%			$ (84,143.92)	$ (85,826.80)	$ (87,543.34)	$ (89,294.20)	$ (91,080.09)	$ (92,901.69)	$ (94,759.72)	$ (96,654.92)	$ (98,588.02)	$ (100,559.78)	$ (102,570.97)
	Net Rental Income						$ 2,019,454.16	$ 2,059,843.24	$ 2,101,040.10	$ 2,143,060.91	$ 2,185,922.12	$ 2,229,640.57	$ 2,274,233.38	$ 2,319,718.05	$ 2,366,112.41	$ 2,413,434.66	$ 2,461,703.35
Gross Potential 3 Bed Rent		12					$ 1,004,681.09	$ 1,024,774.71	$ 1,045,270.20	$ 1,066,175.61	$ 1,087,499.12	$ 1,109,249.10	$ 1,131,434.08	$ 1,154,062.77	$ 1,177,144.02	$ 1,200,686.90	$ 1,224,700.64
	Vacancy/Credit Loss (% of Gross Rent)			4%			$ (40,187.24)	$ (40,990.99)	$ (41,810.81)	$ (42,647.02)	$ (43,499.96)	$ (44,369.96)	$ (45,257.36)	$ (46,162.51)	$ (47,085.76)	$ (48,027.48)	$ (48,988.03)
	Net Rental Income						$ 964,493.84	$ 983,783.72	$ 1,003,459.40	$ 1,023,528.58	$ 1,043,999.16	$ 1,064,879.14	$ 1,086,176.72	$ 1,107,900.26	$ 1,130,058.26	$ 1,152,659.43	$ 1,175,712.61
Gross Potential Parking Rent		12					$ 1,260,000.00	$ 1,285,200.00	$ 1,310,904.00	$ 1,337,122.08	$ 1,363,864.52	$ 1,391,141.81	$ 1,418,964.65	$ 1,447,343.94	$ 1,476,290.82	$ 1,505,816.64	$ 1,535,932.97
	Net Rental Income						$ 1,260,000.00	$ 1,285,200.00	$ 1,310,904.00	$ 1,337,122.08	$ 1,363,864.52	$ 1,391,141.81	$ 1,418,964.65	$ 1,447,343.94	$ 1,476,290.82	$ 1,505,816.64	$ 1,535,932.97
Gross Rent-All Sources							$ 17,645,467.51	$ 17,911,690.58	$ 18,376,875.24	$ 18,854,572.11	$ 19,345,127.70	$ 19,848,898.33	$ 20,366,250.42	$ 20,897,560.76	$ 21,443,216.88	$ 22,003,617.27	$ 22,579,171.74
Operating Expenses																	
	tax	0.022148	PILOT				$ 5,582,899.88	$ 5,694,557.88	$ 5,808,449.04	$ 5,924,618.02	$ 6,043,110.38	$ 6,163,972.58	$ 6,287,252.04	$ 6,412,997.08	$ 6,541,257.02	$ 6,672,082.16	$ 6,805,523.80
	other expenses	0.01					$ 176,454.68	$ 179,983.77	$ 183,583.44	$ 187,255.11	$ 191,000.22	$ 194,820.22	$ 198,716.62	$ 202,690.96	$ 206,744.78	$ 210,879.67	$ 215,097.26
	free rent	(one month for first year)					$ 976,206.74										
	lag	(50% in 6 months)					$ 4,411,366.88										
	leasing cost	4.5%					$ 4,783,333.50	0	0	0	0	0	0	0	0	0	0
	Total						$(15,930,261.67)	$ (5,874,541.65)	$ (5,992,032.48)	$ (6,111,873.13)	$ (6,234,110.59)	$ (6,358,792.80)	$ (6,485,968.66)	$ (6,615,688.03)	$ (6,748,001.79)	$ (6,882,961.83)	$ (7,020,621.07)
Net Operating Income (NOI)							$ 1,715,205.84	$ 12,037,148.94	$ 12,384,842.76	$ 12,742,698.98	$ 13,111,017.11	$ 13,490,105.53	$ 13,880,281.76	$ 14,281,872.73	$ 14,695,215.09	$ 15,120,655.44	$ 15,558,550.67
Capital Expense Reserve			100				$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)	$ (38,851.87)
Cash Flow					$ -	$ (53,459,197.60)	$ 1,676,353.97	$ 11,998,297.07	$ 12,345,990.89	$ 12,703,847.12	$ 13,072,165.25	$ 13,451,253.66	$ 13,841,429.89	$ 14,243,020.86	$ 14,656,363.22	$ 15,081,803.57	$ 15,519,698.81
	R																
Cap Rate				8%													
Sales Price														$ 183,690,188.58			
Closing Costs as % of Sale Price				2%										$ (3,673,803.77)			
Total Sale Proceeds														$ 180,016,384.81			
Total Cash Flow Including Sale Proceeds					$ -	$ (53,459,197.60)	$ 1,676,353.97	$ 11,998,297.07	$ 12,345,990.89	$ 12,703,847.12	$ 13,072,165.25	$ 13,451,253.66	$ 13,841,429.89	$ 194,259,405.68			
Unlevered IRR				28.8%													

RECOMMENDED: Scholars' Village

Scholars Village Newark, NJ Building Pro Forma				**monthly rent**
Retail/Restaurant	5000	Units	1	$ 50,000.00
Library	5000			$ -
Studio Apartments	138600	Units	143	$ 900.00
Studio Affordable			35	$ 540.00
1 Bed Apts	59400	Units	43	$ 1,200.00
1 Bed Affordable			10	$ 780.00
unit	284	732		
Gross Area	208000			
rentable	187200	90%		

						Construction		Operation										
Growth Assumptions						Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	year 7	year 8	year 9	year 10	year 11	year 12	
	Growth Rate							2%	2%	2%	2%	2%	2%	2%	2%	2%		
	Expense Growth Rate							2%	2%	2%	2%	2%	2%	2%	2%	2%		
	Purchase of Existing Bldg			(use Madison bldg(975000*		$ (4,875,000.00)												
	Construction Costs		248	(DEVCO cost on 15 Washint		$ (19,375,200.00)	$ (25,792,000.00)											
	HTC					$ 11,291,800.00												
	TIFF					$ 17,152,535.00												
Equity Position	LIHTC	10 yrs of 9% annually of 20% of the project cost				$ 8,557,216.20												
	Total					$ 37,001,551.20												
Gross Potential Retail Rent			12					$ 750,000.00	$ 765,000.00	$ 780,300.00	$ 795,906.00	$ 811,824.12	$ 828,060.60	$ 844,621.81	$ 861,514.25	$ 878,744.54	$ 878,744.54	$ 878,744.54
	Vacancy/Credit Loss (% of Gross Rent)				4%			$ (30,000.00)	$ (30,600.00)	$ (31,212.00)	$ (31,836.24)	$ (32,472.96)	$ (33,122.42)	$ (33,784.87)	$ (34,460.57)	$ (35,149.78)	$ (35,149.78)	$ (35,149.78)
	Net Rental Income							$ 720,000.00	$ 734,400.00	$ 749,088.00	$ 764,069.76	$ 779,351.16	$ 794,938.18	$ 810,836.94	$ 827,053.68	$ 843,594.75	$ 843,594.75	$ 843,594.75
Gross Potential Studio Apartment Rent			12					$ 1,769,299.20	$ 1,769,299.20	$ 1,822,378.18	$ 1,877,049.52	$ 1,933,361.01	$ 1,991,361.84	$ 2,051,102.69	$ 2,112,635.77	$ 2,176,014.85	$ 2,241,295.29	$ 2,308,534.15
	Vacancy/Credit Loss (% of Gross Rent)				4%			$ (70,771.97)	$ (70,771.97)	$ (72,895.13)	$ (75,081.98)	$ (77,334.44)	$ (79,654.47)	$ (82,044.11)	$ (84,505.43)	$ (87,040.59)	$ (89,651.81)	$ (92,341.37)
	Net Rental Income							$ 1,698,527.23	$ 1,698,527.23	$ 1,749,483.05	$ 1,801,967.54	$ 1,856,026.57	$ 1,911,707.36	$ 1,969,058.58	$ 2,028,130.34	$ 2,088,974.25	$ 2,151,643.48	$ 2,216,192.78
Gross Potential 1 Bed Apartment Rent			12					$ 711,630.72	$ 725,863.33	$ 740,380.60	$ 755,188.21	$ 770,291.98	$ 785,697.82	$ 801,411.77	$ 817,440.01	$ 833,788.81	$ 850,464.59	$ 850,464.59
	Vacancy/Credit Loss (% of Gross Rent)				4%			$ (28,465.23)	$ (29,034.53)	$ (29,615.22)	$ (30,207.53)	$ (30,811.68)	$ (31,427.91)	$ (32,056.47)	$ (32,697.60)	$ (33,351.55)	$ (34,018.58)	$ (34,018.58)
	Net Rental Income							$ 683,165.49	$ 696,828.80	$ 710,765.38	$ 724,980.68	$ 739,480.30	$ 754,269.90	$ 769,355.30	$ 784,742.41	$ 800,437.26	$ 816,446.00	$ 816,446.00
Gross Potential Rent								$ 3,101,692.72	$ 3,129,756.03	$ 3,209,336.43	$ 3,291,017.99	$ 3,374,858.02	$ 3,460,915.45	$ 3,549,250.83	$ 3,639,926.43	$ 3,733,006.26	$ 3,811,684.24	$ 3,876,233.54
Operating Expenses																		
	tax		0.02215	PILOT				$ (1,144,912.33)	$ (1,167,810.57)	$ (1,191,166.78)	$ (1,214,990.12)	$ (1,239,289.92)	$ (1,264,075.72)	$ (1,289,357.24)	$ (1,315,144.38)	$ (1,341,447.27)	$ (1,368,276.21)	$ (1,395,641.74)
	other expenses		0.01		0			$ (31,016.93)	$ (31,637.27)	$ (32,270.01)	$ (32,915.41)	$ (33,573.72)	$ (34,245.19)	$ (34,930.10)	$ (35,628.70)	$ (36,341.27)	$ (37,068.10)	$ (37,809.46)
	free rent	(one month for first year)						$ (141,543.94)										
	lag	(50% in 6 months)						$ (604,631.81)										
	leasing cost		4.5%					$ (405,000.00)	0	0	0	0	0	0	0	0	0	0
	Total							$ 2,327,105.00	$ 1,199,447.84	$ 1,223,436.80	$ 1,247,905.53	$ 1,272,863.64	$ 1,298,320.91	$ 1,324,287.33	$ 1,350,773.08	$ 1,377,788.54	$ 1,405,344.31	$ 1,433,451.20
Net Operating Income (NOI)								$ 774,587.73	$ 1,930,308.19	$ 1,985,899.63	$ 2,043,112.45	$ 2,101,994.38	$ 2,162,594.53	$ 2,224,963.50	$ 2,289,153.35	$ 2,355,217.72	$ 2,406,339.92	$ 2,442,782.34
Capital Expense Reserve				100				$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)	$ (28,400.00)
Cash Flow Before Debt Service						$ 12,751,351.20	$ (13,040,648.80)	$ 746,187.73	$ 1,901,908.19	$ 1,957,499.63	$ 2,014,712.45	$ 2,073,594.38	$ 2,134,194.53	$ 2,196,563.50	$ 2,260,753.35	$ 2,326,817.72	$ 2,377,939.92	$ 2,414,382.34
Cap Rate					8%													
Sales Price															$ 29,440,221.52			
Closing Costs as % of Sale Price					2%										$ (588,804.43)			
Total Sale Proceeds															$ 28,851,417.09			
Total Cash Flow Including Sale Proceeds						$ -	$ (13,040,648.80)	$ 746,187.73	$ 1,901,908.19	$ 1,957,499.63	$ 2,014,712.45	$ 2,073,594.38	$ 2,134,194.53	$ 2,196,563.50	$ 31,112,170.44			
Unlevered IRR					20.6%													