

# CAPITAL CITY REDEVELOPMENT CORPORATION

## 2017 ANNUAL REPORT

As Required Pursuant to N.J.S.A. 52:9Q-26

### BACKGROUND

The Capital City Redevelopment Corporation (CCRC) was created in 1988 pursuant to N.J.S.A. 52:9A-9 et seq. (the “CCRC Act”). The CCRC is an independent authority of the State. Its mission is to ensure the capital district is a great place to live, work and conduct business by assisting with the planning, coordination and promotion of public and private development within the capital district, which consists of those portions of the City of Trenton that serve as the commercial center of the community and in which public buildings and historic sites are located.

### ACTIVITY REPORT

In July 2014, the CCRC entered into a Memorandum of Understanding with the New Jersey Economic Development Authority (EDA) to assist the CCRC in fulfilling its mission pursuant to the CCRC Act, by providing office staff and support services to the CCRC, including, but not limited to: assisting in the carrying out of the policies and directions of the CCRC, providing administrative and support services regarding corporate governance and public information support services for board meetings, act as a liaison with the Governor’s office and Authorities Unit, records custodian and assistance with the Open Public Records Act requests and guidance on ethics matters, media outreach and legislative support.

The following activity took place in 2017:

#### Financial Review

In September 2017, the CCRC was presented with an FY18 budget for total expenditures in FY18 of \$10,931. The total amount of resources available as of September 30, 2017 was \$191,938.

*See Attachment A for the itemized budgets.*

## Collaborative Efforts

In 2017, EDA staff, on behalf of CCRC, participated in several citywide meetings including the Mayor's Economic Advisory Council meetings and Trenton Team meetings. EDA staff has also held meetings with Greater Trenton to discuss their vision and purpose and provided the organization with two planning grants to help advance projects in Trenton. A \$25,000 grant is supporting the Trenton Opportunity Zone project, a collaborative planning effort which is headed by the New Jersey Department of Community Affairs and the City, which is to evaluate economic development opportunities near the train station, including public and private parcels. This study is expected to be completed in early 2018 and will help Greater Trenton market the area to potential investors and developers.

The second project is a comprehensive planning and feasibility study for a parking garage in downtown Trenton. Greater Trenton issued a Request for Proposals and awarded a \$50,000 contract to Tim Haahs Associates, of which EDA will contribute \$25,000 and PSE&G will contribute the other \$25,000, to fund the planning study, expected to be completed in Spring 2018. The aim of the study is to provide the NJ State Treasurer with potential construction and financing scenarios for a garage that would provide replacement parking for state employees caused by new office building and mixed-use redevelopment.

With a commitment to advancing public/private partnerships and mixed-use development to spur transformative change in the downtown, the EDA spearheaded the development of a Memorandum of Understanding with key Trenton stakeholders to identify future development sites for public or private use. Executed in 2017, the MOU involves the Division of Property Management and Construction (DPMC), CCRC, the City, the Trenton Parking Authority, Mercer County, the Mercer County Improvement Authority, and Greater Trenton, and will result in the creation of a comprehensive inventory of available redevelopment sites in the Capital City to help accelerate redevelopment and attract private investment. To support this initiative, the EDA secured the services of Jones Lang LaSalle (JLL) to organize the catalog of developable sites. JLL has held various stakeholder meetings and expects to present a final product in 2018.

## **Real Estate Development**

In partnership with the New Jersey Department of the Treasury - DPMC, the EDA has proceeded with the site due diligence and design development for two new state office buildings in the City to replace three existing obsolete buildings: Health, Agriculture and Taxation.

In 2014, Treasury requested the EDA to prepare a Feasibility Study to build on the assumptions in DPMC's Lammey & Giorgio building assessment report and to recommend the most cost-effective solution for the relocation of the departments that currently occupy the Health, and Taxation buildings. The Feasibility Study recommended in part the following: replace the existing Taxation and Health buildings with two new buildings; demolish the existing Health and Agriculture buildings; and, to either demolish, rehabilitate, or sell, through a competitive bid process, the existing Taxation Building at Treasury's sole discretion.

EDA presented the Feasibility Study to DPMC and the City of Trenton Department of Economic Development. DPMC and the City selected the following alternative of new construction of a  $\pm 7$  story ( $\pm 175,000$  sf) building on an existing State parking lot at the southeast corner of John Fitch Way and North Warren Street, and  $\pm 5$  story ( $\pm 135,000$  sf) building on existing State parking lot at the southwest corner of North Willow and West Hanover Streets. DPMC and EDA agreed that considering State owned land was the best alternative because it: minimized acquisition costs, did not remove property from Trenton's tax roll, avoided the need for the possible condemnation of property, and repurposed underutilized State-owned land.

In 2016, the Authority provided \$3.6 million, which would either be reimbursed from bond proceeds or partially from a budget request made by Treasury, for predevelopment activities (site due diligence and design development services, and not to exceed budgets) to move the projects forward.

In 2017, EDA engaged two design and construction teams, HDR and Turner Construction for the Health and Agriculture building and Ballinger and Torcon, Inc. for the Taxation building.

Upon commencing the design development, the following changes were made:

- The planned Health and Agriculture building was revised to accommodate the relocation of Health employees only, with Agriculture employees backfilling space that is currently vacant or will be made vacant by Health employees (other than the existing Health building).
- The Taxation building increased from ±175,000 sf to ±209,400 sf. and the proposed occupancy increased from 999 to 1,152 employees.
- The Health building increased from ±135,000 sf. to ±209,300 sf. and the proposed occupancy increased from 398 to 879.
- The Taxation building site was moved to immediately in front of the existing Labor building along John Fitch Way.
- Demolition of the existing Taxation building was excluded from further consideration at the current time and disposition of the property is being considered under a public request for proposal (RFP) process.

In addition, interaction with the City, CCRC, local advocacy groups, and Trenton residents resulted in the following recommendations that were implemented: locating the Taxation building closer to downtown; eliminate cafeterias from the new building plans to encourage a vibrant streetscape with pedestrian activity, including patronage of local restaurants and services; include public artwork installation based on local input – an Arts Committee has been formed and includes representatives of the New Jersey State Council on the Arts and Artworks Trenton; include as a requirement in the RFP that the architect become familiar with the principles of CCRC’s Urban Code and Design Principals and Standards; include as a requirement in the RFP that the architect hold a stakeholder meeting to solicit feedback. Interaction with the public, including Stakeholders Allied for the Core of Trenton (ACT), also prompted the inclusion of a non-binding alternative in the RFP to provide a structured

**parking garage. This is consistent with the City's Master Plan goals and would facilitate the use of surface parking lots as development pad sites and provide ample parking options for residents and visitors to take advantage of a vibrant downtown.**

**As proposed, the State Office Building project offers many benefits to support a vibrant downtown. The planned new buildings are within five-minute walking distance to downtown businesses, and additional State workers would be relocated to Trenton from other Mercer County locations, increasing the local customer base. By eliminating obsolete office space and reducing the square foot per State employee, the project paves the way for future development sites without removing parcels from the City's tax rolls and without utilizing the valuable, tax-incentivized private development parcels in the City near transit.**

**Greater Trenton and the Trenton Parking Authority have partnered to investigate the feasibility of a parking structure on property owned by the State in close proximity to the new Taxation building. The feasibility study is expected to be completed in late February or early March 2018.**

**Among the benefits of using a State developer is an open and competitive bidding process for consultants and contractors; the inclusion of public artwork; schedule enhancements; a set aside program with established goals for using small business enterprises (25 percent); and, Affirmative Action hiring goals and prevailing wage requirements.**

**In 2017, the State Office Building project received the requisite project and financing approvals from the State House Commission, the State Leasing and Space Utilization Committee, and the Board of the EDA. In January 2018, the State closed on the sale of \$215.4 million in bonds to finance the State Office Building project, per the project budget approved by the EDA Board. In February 2018, the CCRC Board will review the Impact Statement, which was prepared by the New Jersey Department of Community Affairs.**

## **Business Growth & Redevelopment**

Since 2014, the EDA has approved over \$128 million in financing assistance, business incentives and tax credits to projects in the City of Trenton. This assistance is expected to leverage more than \$133 million in private investment and to serve as a catalyst for the creation of 315 new jobs, 465 construction jobs, and the retention of 460 jobs at risk of leaving New Jersey.

The New Jersey Economic Opportunity Act (EOA) has served to attract increased corporate interest and investment in the City. With assistance through the Economic Redevelopment and Growth Program (ERG), HHG Development has transformed the long-vacant Roebling Steel building into Roebling Lofts, featuring multi-family lofts, two-bedroom lofts, and one-bedroom units, all with high ceilings and large industrial windows. The structure represents the first of four John A. Roebling's Sons buildings planned for rehabilitation by HHG.

Under the Grow New Jersey Assistance Program (Grow NJ), global software and services company Maestro Technologies moved to a new 40,000-square-foot headquarters in a historic building on West State Street, where it expects to create 142 new jobs, maintain 35 jobs, and invest \$1.8 million. The company had also considered a location in Delaware. Also under Grow NJ, commercial laundry service company Clean-Tex Services was encouraged to expand and invest in Trenton instead of moving to a competing site in Pennsylvania. The company expects to create 152 new jobs, retain 166 jobs, and upgrade its 39,000-square-foot facility on Reservoir Street with new technology and equipment.

In 2017, the EDA acted to expand its support of small businesses in EOA-designated Garden State Growth Zones (GSGZs) through the creation of the Business Lease Incentive (BLI) and Business Improvement Incentive (BII) programs. Designed to leverage the increased economic activity these communities are experiencing; the new programs provide grants to street level new and expanding businesses. The programs were launched on a pilot basis and capitalized with a total of \$3 million. Of that, \$1 million is available per year over the three-year life of the

programs, evenly divided and reserved for projects in the GSGZs, which include Trenton, Camden, Paterson, Passaic and Atlantic City.

The BLI program offers reimbursement of a percentage of annual lease payments for two years to for-profit businesses and non-profit organizations in eligible areas that plan to lease between 500 and 5,000 square feet of new or additional market-rate, first-floor office, industrial or retail space for a minimum five-year term. An applicant leasing over 5,000 square feet would be eligible, but the incentive would only reimburse for the first 5,000 square feet. The BII program will offer grants of up to 50 percent of total project costs, not to exceed \$20,000, to businesses operating within the first floor of a commercial corridor in GSGZs that are planning to make building improvements, with a minimum project cost of \$5,000

In January 2018, the EDA announced that the New Jersey Utilities Association (NJUA) was the first entity to be approved for a grant under the BLI program. NJUA, the statewide trade association for investor-owned utilities that provide essential water, wastewater, electric, natural gas and telecommunications services to New Jersey residents and businesses, occupied a suite at 50 West State Street in Trenton since 1990. The announcement of the BLI program prompted NJUA's leadership to consider a move to a street-level location. After identifying newly-renovated space at nearby 154 West State Street, NJUA applied and was approved for assistance. NJUA will receive reimbursement of 15 percent of its lease payments after making those payments for one year. The organization's new headquarters will occupy 1,890 square feet in a recently renovated historic property. The three-story brownstone, located just 250 feet from the State House, is one of five Trenton properties purchased and renovated in the last year by Staten Island native and real estate developer John Salis.

## STRATEGIC PLAN

Under the direction of the Board, EDA staff has worked with the City of Trenton to understand and support the strategic priorities and the implementation of the Trenton 250 plan. In 2017, the EDA helped to advance several identified priorities, including through the Trenton stakeholder MOU, which will provide a comprehensive inventory of available redevelopment sites in Trenton to accelerate investment and growth; and, through the creation of the new BLI and BII programs, which will support small business growth and community revitalization in a targeted area designated by the City. Trenton has \$187,942 remaining in the first round of

**BLI/BII funding. The EDA and the City have increased outreach to businesses in the eligible area and is offering educational sessions to encourage more applications for 2018.**

## **CCRC BOARD MEMBERS**

### **EX OFFICIO MEMBERS (4):**

**Elizabeth Maher - Muoio, State Treasurer, Nominee**

**Diane Gutierrez-Scaccetti, Commissioner-NJ Department of Transportation, Nominee**

**Lt. Governor, Sheila Oliver, Commissioner-NJ Department of Community Affairs Eric Jackson, Mayor-City of Trenton**

### **PUBLIC MEMBERS (7):**

**The Honorable Peter A. Inverso, Chair**

**Christopher Brashier, Managing Director, CHB Investment Group, LLC**

**Robert D. Prunetti, President, Phoenix Ventures**

**The Honorable Manuel Segura, Councilman, City of Trenton**

**Two (3) Open Seats**