

# CAPITAL CITY REDEVELOPMENT CORPORATION

## 2016 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.

In July, 2014, the CCRC entered into a Memorandum of Understanding with the New Jersey Economic Development Authority (NJEDA) 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 Authority’s Unit, records custodian and assistance with the Open Public Records Act requests and guidance on ethics matters, media outreach and legislative support.

## ACTIVITY REPORT

The following activity took place in 2016:

### Financial Review

In September, 2016, the CCRC was presented with an FY17 budget for total expenditures in FY17 of \$13,123. The total amount of resources available as of August 31, 2016 was \$206,624. See Attachment A for the itemized budgets.

### Collaborative Efforts

In 2016 EDA staff, on behalf of CCRC, participated in several citywide meetings such as the Mayor's Economic Advisory Council Meetings and Trenton Team Meetings. EDA staff also has regular meetings with the economic development staff in City Hall to discuss strategies and projects, and developed several presentations to the Board with State agencies to inform on ongoing activities in Trenton. EDA staff has worked closely with the newly formed Greater Trenton Initiative to discuss their vision and purpose. In close collaboration with Executive Director George Sowa, Greater Trenton has helped to ensure communication is open and the shared goal of economic development in Trenton is fostered. EDA staff also works with the Trenton Downtown Association. The new Executive Director Tom Gilmour has been active with both EDA and CCRC. Tom presented at the December 7<sup>th</sup> CCRC meeting to update members on activities that he will be heading for the association.

### Real Estate Development

#### *State Office Building Project*

With the goal of attracting more private investment to the City of Trenton by reducing the footprint of State Office buildings in the downtown, the EDA has been tasked with overseeing and financing the State Office Building project, which involves the new construction of two buildings to house the departments of Agriculture and Health Administration, Health Lab, and Taxation.

**Between 2011 and 2013, the New Jersey Division of Property Management & Construction (DPMC) within the New Jersey Department of the Treasury engaged architecture and design firm Lamme & Giorgio, P.A. to complete preliminary studies of building conditions for the Department of Agriculture and Health Administration, Health Lab, and Taxation buildings, as well as costs to rehabilitate, demolish, and construct replacement space.**

**Treasury requested that the EDA prepare a feasibility study to build on the assumptions in the preliminary report and make recommendations for the most cost effective solution for the relocation of the departments that currently occupy these spaces.**

**Under an MOU approved by the Board of EDA in June 2014, EDA procured consultants to prepare and complete the feasibility study for the Department of Agriculture and Health Administration, Health Lab, and Taxation buildings.**

**This study considered occupancy alternatives for keeping these agencies in Trenton and provided recommendations as to whether it would be more cost effective to retain the existing conditions with deferred capital improvements, rehabilitate the existing buildings, relocate their occupants to newly constructed buildings, or lease new space either in Trenton or a neighboring town.**

**With the assistance of KSS Architects, the feasibility study commenced at the beginning of 2015. The study included an analysis of the current and future occupancy needs of these buildings/occupants resulting in a space program, site analysis of several targeted State owned parcels, cost estimates to build new vs. rehabilitate existing, and a financial analysis of these occupancy alternatives.**

**The feasibility study was completed in May 2015, and concluded that the (i) best alternative would be to replace the Health, Agriculture and Taxation buildings with**

two (2) new buildings that could be developed at several alternative locations; (ii) existing Health and Agriculture buildings should be demolished; and (iii) Taxation building could be demolished, rehabilitated for another use, or sold as-is on the open market through a competitive process as determined by DPMC in its sole discretion.

A Net Present Value analysis determined that new construction was the preferred option as compared to renovating the obsolete structures, or leasing alternative space, because:

Rehabilitation and the existing conditions options would have retained the current square footage (414,000); the new construction alternative reduces the total square footage to approximately 303,000 square feet, making the space more efficient and less expensive to operate and maintain.

Leasing equivalent space of approximately 304,500 square feet is more expensive – rent plus operating expenses – than the debt service and operating expenses of the new construction alternatives.

New construction involves a  $\pm 7$  story ( $\pm 175,000$  SF) building on an existing State parking lot on the northwest corner of John Fitch Way and South Warren Street; and, a  $\pm 5$  story ( $\pm 135,000$  SF) building on an existing State parking lot on the southwest corner of North Willow and West Hanover Streets.

Pros of the new construction option include:

- Lower cost solution
- Efficient floor plans, using less than 200 square feet/person
- Better day lighting to interior space
- Warren Street location conforms to Trenton Riverfront District Master Plan

**EDA presented the feasibility study to DPMC and the City of Trenton Department of Economic Development; DPMC and the City selected the new construction alternative involving the ±7 story building on the northwest corner of John Fitch Way and South Warren Street and the ±5 story building on the southwest corner of North Willow and West Hanover Streets.**

**Additionally, interaction with the City and the CCRC Board throughout the planning process has resulted in several recommendations that the EDA has implemented.**

**This includes:**

- Eliminate cafeterias from the new building plans to encourage a vibrant streetscape with pedestrian activity, including patronage of local restaurants and services.**
- Include as a requirement in the RFP that the architect be 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/design charrette to solicit feedback.**
- Include in the RFP a non-binding alternative to provide a structured parking garage. Consistent with the City's Master Plan goals, a parking garage 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. Financing has not been identified for this element.**
- Ongoing discussions that may lead to the inclusion of both a rehab and demolition option related to the Taxation building.**

**The EDA released a Request for Qualifications (RFQ) for Architectural & Engineering Services, and an RFQ for Construction Management Services, with responses due October 28, 2016. Per the RFQ, the EDA subsequently selected a list of firms to receive the Request for Proposals (RFP). At its February 2017 Board meeting, the EDA approved the selection of Ballinger for architectural and engineer services related to the Taxation building, and HDR for the Health/Agriculture**

building. For construction management, Torcon was approved for the Taxation building and Turner Construction was approved for the Health/Agriculture building.

Next steps include:

- Phase I - Design - February 2017 (completed in approximately six months)
- Statehouse/SUC/Legislative Approval/EDA Final Budget and Bond Approval - April-June 2017
- Bond Issuance - July-September 2017
- Phase II - Pre-Construction - September 2017
- Construction Phase - September 2017 - September 2019
- Demolition - July-September 2019

### ***South Broad Street Corridor***

The EDA was asked by the City and the Board to assist in implementing other components of the Trenton 250 vision plan by providing assistance to small businesses and improving the aesthetics of the area through façade improvements, focused on the South Broad Street corridor. There has been a direct request to provide funding for a façade improvement grant program that the City would administer, to match \$150,000 of City funds. EDA saw an opportunity to offer business lease and façade improvement incentives to help encourage private development in the downtown. At its February 2017 Board meeting, the EDA approved the creation of two exciting new programs designed to support the growth of retail and services in the five Garden State Growth Zones (GSGZs), including the City of Trenton, by providing grants to street level new and expanding small businesses.

The GSGZ Business Improvement Incentive aims to enhance the vibrancy of commercial corridors through building improvements (façade and interior) by offering grants of up to 50 percent of total project costs, grant amount not to

exceed \$20,000, for building improvements made to the first-floor of a facility within a commercial corridor in the GSGZ, with a minimum project cost of \$5,000.

The GSGZ Business Lease Incentive encourages business attraction and retention within commercial corridors by providing a reimbursement of 15 percent of an annual lease payment, for two consecutive years, to for profit businesses and non-profit organizations in eligible areas that plan to lease at least 500 square feet of new or additional market-rate, first-floor office, industrial or retail space for a minimum five-year term.

The programs are created on a pilot basis for a three-year period, and capitalized with \$3 million in total EDA funding. This funding would be budgeted and administered as \$1 million annually over the three-year life of the program, evenly divided and reserved for projects in the five GSGZs (\$200,000 annual allotment/GSGZ). The EDA will work with each city to ensure viability and success.

Additionally, EDA staff will be providing technical assistance on the sale of the Van Sciver and Watkins Stove Buildings, located on South Broad Street and owned by the State, to implement a mixed-use redevelopment along the South Broad Street Commercial Corridor in the Downtown. Rather than sell the property at auction, a Request for Qualifications (RFQ) has been drafted which will offer the property for sale to a developer. The developer will be required to meet certain development and financial minimum qualifications and develop the property in accordance with uses that are acceptable to the City. State House Commission approval will be required to adopt these procedures. The Greater Trenton Initiative has offered their assistance with this undertaking, in the form of selection committee participation, marketing to developers and other technical assistance.

### ***State Street***

Another area of focus to help improve the Downtown is East State Street. EDA participated in the selection of a private developer to renovate a historic building.

As envisioned, the Bell Building Project will help demonstrate the potential that projects have to help ignite the Downtown. The City has entered into an agreement with Ajax Management LLC to renovate and operate the building. The project will include retail space on the main floor, with the goal of attracting tenants such as a coffee shop and bank branch. The Trenton YMCA also plans to occupy space on the second floor with a fitness center, programming space, and corporate offices. The remainder of the space will be utilized for a mix of 80 one and two-bedroom market rate loft style apartments. This project is moving forward, and the developer will be meeting with the City Planning Board seeking their preliminary and final site plan approval in the first quarter of 2017. Both the city and Greater Trenton have been working with the developer on this project.

### **Business Growth & Redevelopment**

Since 2010, the EDA has approved over \$121 million in financing assistance, business incentives and tax credits to 21 projects in the City of Trenton. This assistance is expected to leverage more than \$216 million in total investment and is expected to serve as a catalyst for the creation of more than 300 new jobs, nearly 1,400 construction jobs, and the retention of 259 jobs at risk of leaving New Jersey.

Notably, the New Jersey Economic Opportunity Act offers significant incentives for any business considering Trenton as a location. In fact, EDA has approved over \$36 million in tax credits to four projects through the Residential Economic Redevelopment and Growth (ERG) Program. One of these projects, Roebing Lofts, involves the transformation of the old Roebing Steel building into rental lofts and apartments and is expected to create 250 construction jobs. Vacant for nearly 20 years, the renovated structure will include multi-family lofts, two-bedroom lofts, and one bedroom units, all featuring high ceilings and large industrial windows.

In addition to ERG assistance, EDA has approved over \$52 million in tax credits to two projects through the Grow NJ Program. This includes an \$18.9 million Grow NJ award to support the construction of a central baking facility that will provide

donuts and bakery products to over 130 Dunkin' Donuts restaurants throughout the Central New Jersey, Southern New Jersey and Pennsylvania area. This state of the art baking facility would be located at 600 Perry Street in Trenton, the former site of the Trentonian newspaper, and is expected to bring 170 new full time jobs to the heart of the city.

### **Entrepreneurship & Training**

#### ***UCEDC***

In July 2015, the EDA's Board took action allowing for the continuation of a strategic partnership with UCEDC, a statewide not-for-profit economic development corporation. The partnership helps to extend the state's reach to underserved businesses and communities and expands the array of training and technical assistance services available to New Jersey entrepreneurs and small businesses. UCEDC offers a wide variety of free and low-cost training workshops, including a series of courses that help develop financial and business literacy for business owners and a comprehensive program that walks entrepreneurs through all aspects of starting a business, culminating in the development of a business plan. UCEDC has held four networking events in Trenton, as well as six financial/business training workshops.

## STRATEGIC PLAN

Under the direction of the Board, EDA staff has worked with the City of Trenton staff to understand their strategic priorities and the implementation of the Trenton 250 plan. EDA will continue to work closely with the City of Trenton to continue this effort. One way in which the board has identified an area of need is to work closely with assisting the City of Trenton with their Facade Improvement Program and Business Lease Incentives. The EDA Board approved the creation of the GSGZ Business Improvement Incentive and GSGZ Business Lease Incentive in February 2017 and expects to formally launch the pilot program in the second quarter of 2017 utilizing feedback from the City.

## CCRC BOARD MEMBERS

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

**Ford Scudder, State Treasurer**

**Richard T. Hammer, Commissioner-NJ Department of Transportation**

**Charles Richman, Commissioner-NJ Department of Community Affairs**

**The Honorable Eric Jackson, Mayor-City of Trenton**

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

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

**Gwendolyn L. Harris, Vice Chair**

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

**Robert D. Prunetti, President and CEO, MIDJersey Chamber of Commerce**

**Richard Sims, Judiciary, State of New Jersey**

**Two (2) Open Seats**