

**NEW BRUNSWICK
REDEVELOPMENT STUDIO**

**NEW BRUNSWICK CITY MARKET –
SPECIAL IMPROVEMENT DISTRICT
(SID)**



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INTRODUCTION AND EXECUTIVE SUMMARY

This graduate planning studio study discusses Special Improvement Districts (SIDs) as a strategy to revitalize the downtown of New Brunswick, New Jersey. The studio class client is the New Brunswick City Market (NBCM) – this community’s SID.

A *Special Improvement District (SID)*, sometimes referred to as a Business Improvement District (BID), is an organizing and financing tool for stimulating and supporting local, often downtown central business district (CBD) revitalization (National Council for Urban Economic Development 1988, 1). A common feature is that businesses or property owners within a designated area agree to pay an assessment to support improvements or services that specifically benefit the area. In that vein, the New Jersey enabling legislation for the local creation of SIDs defines a Special Improvement District as an area “in which a special assessment on all property within a district shall be imposed for the purpose of promoting the economic and general welfare of the district and the municipality” (NJSA 40:55-65). The SID’s improvements and services in a district are distinguished from those “normally” provided by the municipality to the area and, as such, are paid for by the property owners within the district.

SIDs in New Jersey are a sub-unit of local government and are public/private partnerships in which property and business owners elect to make a collective contribution to the maintenance, development, and promotion of their commercial district.

The principal authors of the current report are graduate students in Planning at the Edward J. Bloustein School of Planning and Public Policy. There are a total of 18 student contributors to the report and their names are listed on the report cover. The faculty advisor to the studio is Professor David Listokin. Special thanks is offered to Pamela Stefanek (NBCM’s Executive Director) and Greg Ritter (NBCM’s Chairman of the Board) who gave generously of their time and expertise.

The current report comprises the following sections:

SECTION 1: A Profile of National and New Jersey SIDs

SECTION 2: New Jersey Comparable Community and SID Detailed Case Studies

SECTION 3: A Detailed New Brunswick SID History

SECTION 4: The New Brunswick Downtown Retailer/Business Group Perspective

SECTION 5: Policy – Enhancing the New Brunswick Special Improvement District

Major study findings include:

SECTION 1: PROFILE OF NATIONAL/NEW JERSEY BIDS/SIDS

- SID is an organizing and financing tool for stimulating local/CBD revitalization. NJ adds “special assessment” to definition
- SIDs began nationally in the 1970s and in NJ in 1985
- There are 1002 SIDs nationally and 80 SIDs in New Jersey
- SIDs mostly need periodic approval, as do all SIDs in New Jersey
- There is a large range of SID board sizes with various methods of electing or appointing the board
- The SID area can range from fewer than 50 properties to 100 square blocks
- Primary SID activities are marketing and maintenance, though some include security or transportation programs as well.
- Most SIDs nationally and all in New Jersey are funded by a special assessment

SECTION 2: NEW JERSEY COMPARABLE COMMUNITY AND SID DETAILED

CASE STUDIES

Red Bank

- The Red Bank SID was established in 1991, with the purpose of raising the profile of the downtown as a cleaner and more vital destination for local as well as neighboring residents.
- There was a 35% vacancy rate (street level) in Red Bank in 1991.
- There are 254 properties within the SID.
- The 2011 budget (from assessments) for the SID was \$512,120, but had a total budget of around \$750,000.
- The River Center property assessment is imposed on all properties in the SID boundaries and has variable charges based upon proximity to the Center and projected benefit from the SID’s streetscape activities

- Red Bank River Center has implemented a wide range of initiatives, programs, and marketing strategies since it was founded in 1991.
- River Center's activities are managed by a variety of committees including marketing, promotions, restaurant, and finance, among others.
- At the start of the SID in 1991, Red Bank had vacancy rates at 35%. But by the year 2000, the vacancy rate had dropped down to 1%.
- The Red Bank River Center has done significant work in enhancing the image of Red Bank as well as promoting the area as a destination for restaurants, entertainment and retail shopping.

Montclair

- The Montclair SID was formed in 2002 as a non-profit organization and properties within the SID boundary have unique assessment based on square footage. Other Montclair SID financing and budget information is detailed.
- Montclair SID provides primarily marketing and advertising, maintenance and upgrading, business development, public safety and hospitality, and transit village related services.
- The benefits Montclair received from SID implementation include increased tax rates and a decreased vacancy rate.
- The section concludes by offering a series of future proposals for Montclair SID

Bloomfield

- The Bloomfield Center Alliance (BCA) was formed in 1996 and the Bloomfield Special Improvement District (SID) was founded in 2001.
- Activities pursued by the BCA and the Bloomfield SID include physical improvements and maintenance (e.g. signage and awning improvements),

business promotion and marketing (e.g., “cruise nights” and harvest festivals), and historic preservation.

- The Bloomfield SID has a 2011 budget of \$374,000. About 80% of this budget is raised from a SID assessment.
- The BCA and Bloomfield SID have accomplished much, but challenges remain.

Perth Amboy

- Unlike New Brunswick’s SID, Perth Amboy’s BID charges all of its businesses the same rate that is based off their physical size and real estate value regardless of the nature of their business, and have no exemptions.
- Perth Amboy’s BID’s 2011-2012 budget is \$232,000, funded almost entirely through assessments. The BID is also struggling with the loss of UEZ funding and is seeking help from the municipal government and other funding sources.
- Most of the Perth Amboy BID’s future plans include improve marketing of both their businesses and the work that the BID does, as well as improve security and landscaping throughout the BID.

SECTION 3: DETAILED NEW BRUNSWICK SID HISTORY

- New Brunswick City Market was officially created in 1987 as a non-profit organization.
- New Brunswick was among the first of six BIDs that were established in New Jersey between 1985 and 1988 along with Cranford, Elizabeth, Englewood, Somerville, and Trenton.

- At its founding, the organization was created as a financing tool used by local businesses to provide specialized services. The services provided were sidewalk cleaning, graffiti removal, physical improvements, and façade and awning matching grants, among others. The organization also was in charge of special events within the downtown district, holiday programming, area marketing, and business promotion.
- The boundaries of the district closely correspond to what is considered to be the commercial heart of New Brunswick. The New Brunswick City Council was authorized to delineate the geographic boundaries of the district.

SECTION 4: NEW BRUNSWICK DOWNTOWN RETAILER/BUSINESS FOCUS GROUPS

In order to better understand the perspectives of New Brunswick local businesses, focus groups were conducted consisting of business owners or representatives of business establishments in the New Brunswick SID. The focus groups were separated by business type into three groups: Arts and Culture, Dining and Nightlife, and Shops and Services.

- In terms of New Brunswick’s strengths, all groups noted the variety and availability of entertainment and restaurant options in New Brunswick; the presence of Rutgers University, corporate headquarters, and the student population; and finally, the attractiveness and accessibility of the City.
- Weaknesses of the City included: perception of lack of parking, business turnover, a dearth of quality retail, and the lack of signage and “way-finding”.
- Most of the focus group members were familiar with the services provided by the SID and identified street cleaning, graffiti removal, marketing and security as the services most important to them.
- Most groups indicated that they would like to have more face-to-face interaction with the SID staff, however, given the fact that there’s only one paid employee and this might be difficult, they suggested hiring an intern to help with the work of the SID.
- Most participants expressed a general satisfaction with the aesthetics of downtown New Brunswick, and would like to see further efforts to enhance the streetscape through public art.

SECTION 5: POLICY – ENHANCING THE NEW BRUNSWICK SID

Improved Assessment/Charging

This report examines the assessment component of BID budgets. Various methods of assessment are discussed, citing examples from New Jersey and national municipalities. Also included is a brief discussion of current New Brunswick City Market assessment practices, and some possible alternatives in terms of methods and SID area.

The report comprises the following sections:

- Section I: Methods of Special Improvement District Assessments. These include physical area, property value, and land use categories.
- Section II: NBCM Assessments. The current system apportions charges according to 4 land use categories. When first initiated in 1985, this land use tier approach was very innovative.
- Section III: Alternatives for NBCM To Consider. The SID should consider alternative charging systems based on physical area and property value as well as hybrid approaches (i.e. a mix of the charging strategies). The report quantifies these different approaches for the New Brunswick SID area.
- Section IV: Exploring The Expansion of the NBCM SID Assessment Area. In addition to considering alternative to the current charging system, this section briefly considers the geographic expansion of the New Brunswick SID.

Tapping Resources from Tax Increment Financing (TIF)

Special Improvement Districts, in their goal to support their local business communities, may need to invest in capital improvements and infrastructure. On a SID budget alone, this task is difficult. Fortunately, financing programs are available that SIDs can use in combination with their own district in order to successfully develop their communities. Here, we specifically address tax financing programs. In Tax financing programs have

great potential for development revenues and bonding capacity. New Jersey, these programs have evolved from TIF, RAD, RAB, to the current ERG.

- Tax Increment Financing (TIF) is a development tool widely used across the country. TIF allows for future real property taxes generated by development to pay costs of construction of public infrastructure and other improvements.
- Payments in lieu of taxes (PILOTs) are made by a property, which is exempted from taxes for 30 years. Unlike traditional taxes, 95% of the payment goes to the municipality which is then available for development.
- Revenue Allocation Districts (RADs) are much like TIFs and take place in areas in need of redevelopment. All of the tax increment may be used for redevelopment purposes. However, New Jersey had only one municipality successfully utilize the program before it evolved.
- Revenue Allocation Bonds (RABs) are much like the RAD program, but are isolated to individual projects, not districts.
- Economic Redevelopment and Growth Program (ERG) is the most recent iteration of TIF programming in New Jersey. The program eliminates the need for a district to be an area in need of redevelopment but remains isolated to individual projects.

Placemaking – Public Sculpture

New Brunswick Public Sculpture (NBPS) is a new nonprofit organization founded to bring historically themed sculpture to the city of New Brunswick. A sister organization to New Brunswick City Market (NBCM), NBPS has taken on the formidable challenge of initiating a public art program in downtown New Brunswick. This commendable task raises important questions about the role of public art, the process of obtaining public art, and its potential to serve the downtown community and the city as a whole. Through reviewing case studies and local conditions the project team identified key conclusions, outlined below.

- Public art – the placement of art in prominent public places - is often an attempt to use art to deliberately engage the public with a message about community identity.
- Case studies of public art programs in diverse cities show community participation can strengthen public art itself and increase access to the arts, while participation in public art planning and decision-making can enable public art to become a more effective means of impacting community.
- Combining diverse art installations into an Art Walk can leverage the existing arts community and reinforce the idea of the SID as a unified arts, entertainment and retail district.
- The city of New Brunswick and central New Jersey region provide New Brunswick Public Sculpture access to substantial art resources and potential partner organizations to build a stronger public art program. These include Grounds for Sculpture, Mason Gross School of the Arts, the New Brunswick Performing Arts District, and Rutgers Sculpture.
- Murals are an affordable means of making public art more accessible and addressing low hanging fruit, such as blank and unattractive facades.
- Accessing funding resources for art planning, commissions, and installation may require substantial planning effort by NBPS in order to identify strategies that demonstrate how public art will produce demonstrable impacts.
- Engaging and connecting with existing planning institutions, including DEVCO, can potentially help NBPS identify strategies to incorporate public art into potential redevelopment and may enable tapping larger pools of funding or creating larger projects.
- Cities that have incorporated art into their capital construction and redevelopment programs ensure production of art, but ‘percent for art’ requires effort to succeed.

Tapping Resources from Transportation Enhancement Activities (TEA) and the New Markets Tax Credit (NMTC)

Two federal programs, the transportation enhancement (TEA) and the new markets tax credit (NMTC) program, were studied to help NBCM find ways to secure additional funding for redevelopment. The following was discovered:

- The TE program is a major source of federal funds with \$35 billion allocated in the last update to the program. TE aims to improve the environment and transportation systems and their surrounding communities. New legislation for the program is expected for 2012.
- The TE program is very flexible in terms of what it can be used for within 12 rather broad categories, almost all of which can be utilized by New Brunswick.
- The TE program has been severely underutilized in New Brunswick. The only TE funding in New Brunswick was \$90,000 for Rutgers University bicycle racks in 1996.
- The NMTC program provides local community development entities with tax credits that they can encourage investors to make available funds in qualified low-income areas and business.
- The NMTC is an important resource for below-market-rate financing in eligible areas where such investments might not be possible otherwise.
- The entirety of New Brunswick is eligible for such investments. The program seems to be an emerging trend in redevelopment tools.

Profile of National and New Jersey BID/SIDs

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SUMMARY

- SID is an organizing and financing tool for stimulating local/CBD revitalization. NJ adds “special assessment” to definition
- SIDs began nationally in the 1970s and in NJ in 1985
- 1002 BIDs nationally and 80 BIDs in New Jersey
- SIDs mostly need period approval, as do all SIDs in New Jersey
- Large range of BID board sizes with various methods of electing or appointing the board
- Can range from fewer than 50 properties to 100 square blocks
- Primary activities are marketing and maintenance, though some include security or transportation programs as well.
- Most BIDs nationally and all in New Jersey are funded by a special assessment

PROFILE OF NATIONAL AND NEW JERSEY BID/SIDS

BID/SID BACKGROUND AND HISTORY

Introduction

The purpose of this section is to provide an overview of the national landscape and trends for Business Improvement Districts (BIDs) and Special Improvement Districts (SIDs) and a comparison to the BID/SIDs in the state of New Jersey as well as the New Brunswick City Market itself. In this report, the terms BID and SID will be used interchangeably as by definition they are the same and it is the discretion of the formative group to determine the name for each individual district. Through this report, the Studio aims to provide New Brunswick City Market with a clearer picture of the scope and possibilities of BID/SIDs.

SID: Definition and overview

National

According to the National Council for Urban Economic Development, a *Special Improvement District (SID)* is termed nationally as an organizing and financing tool for stimulating and supporting local, often downtown central business district (CBD) revitalization. (National Council for Urban Economic Development 1988, 1).

New Jersey:

The inclusion of assessments explicitly in the definition differentiates New Jersey from the national model. New Jersey law defines BIDs as “in which a special assessment on all property within a district shall be imposed for the purpose of promoting the economic and general welfare of the district and the municipality” (N.J.S.A. 40:55-65). All of the BIDs in New Jersey are publicly authorized districts, with a public source of revenue, impose a mandatory fee levied on all the businesses within the district, have professional management, and are created by government (Becker, Grossman and DosSantos 2011). In the State of New Jersey, these special districts by definition do not replace any municipal services, nor do they replace (and indeed may overlap with) Urban Enterprise Zones (UEZ), Tax Increment Financing District (TIF), or any type of community development organization (Becker, Grossman and DosSantos 2011). (Institute for Meadowlands Studies 2009). Business and property owners within the BID overlapping with the UEZ are automatically included as participants in the UEZ, although participation in a UEZ is usually voluntary (Institute for Meadowlands Studies 2009). As the traditional focus of a UEZ is job creation and business retention, the two programs—BID and UEZ—enhance one another, rather than compete. However, with the recent defunding of New Jersey’s UEZ program, this source will no longer be available for municipalities to use.

Historical background to SID

National

Beginning in the early post -World War II period, the retail and commercial dominance of older central business districts (CBDs) was challenged. Where once people shopped and worked in urbanized downtowns, increasing shares of commercial activities, in tandem with residential construction, were found in newly developing suburbs (Institute for Meadowlands Studies 2009). Starting roughly in the 1970s to early 1980s, forces in response of the declining CBDs prompted the formation of SIDs in the country. The first United States BID was located in New Orleans in late 1970s (Institute for Meadowlands Studies 2009). Now, there are 1002 BIDs found nationally and the number continues to expand with an annual 6% growth rate (Becker, Grossman and DosSantos 2011).

New Jersey

Reflecting the change happening on the national scale, New Jersey's older communities experienced falling retail sales. Enabling legislation in 1985 permitted individual municipalities to create a separate public-private partnership for businesses and property owners to collectively contribute to their own maintenance, development and promotion. This arrangement was the basis for the BID in New Jersey (Institute for Meadowlands Studies 2009). Cranford Township claims the position as the first New Jersey community to establish a SID. Trenton followed suit that same year (Institute for Meadowlands Studies 2009). Today, there are about 80 BIDs in New Jersey, making it one of the top BID-containing states. The number continues to grow at about 3 % a year (Becker, Grossman and DosSantos 2011). New Brunswick was one of the first SIDs in New Jersey and nationally. With the intention of catalyzing the revitalization of New Brunswick's downtown core, the New Brunswick City Market was founded in 1986 and adopted via ordinance in 1987 as a nonprofit corporation.

SID FORMATION AND ACTIVITIES

Formation

National

Generally, the legal basis for foundation of the SID nationally is either state enabling legislation or creation by municipalities under their home-rule powers. The former is more typical, and as of 2008, 48 states have SID enabling legislation. The fundamental step of forming a SID is the preparation of a feasibility plan. This would cover but not be circumscribed with: analysis of the problem confronting each specific district, identification of the area included, and the consideration of strategies to promote revival and the associated costs (Institute for Meadowlands Studies 2009). Interestingly, nationally, many staff members indicate that they work for the municipality or "other" rather than the BID itself (Becker, Grossman and DosSantos 2011).

Nationwide, 31.7% of the SIDs exist indefinitely while 68.3% need period approval, and of those 49% seek approval every five years and 23% every ten years. This said, only a handful of BIDs have ever been disbanded.

New Jersey

In the state of New Jersey, municipal governing bodies authorize the formation of BIDs. The governing body reviews development plans for the district which include the anticipated

costs of future development. These plans, in conjunction with relevant reports and recommendations, lead the governing body to adopt a district ordinance, creating a BID. The BID ordinance must include several components such as the need for the district, the identification of those properties that will be affected in the BID area, and the designation of an advisory board or management entity for the BID.

Municipal governing bodies create the BID, but most New Jersey BIDs are administered by a nonprofit entity with an independent policy-setting authority (Becker, Grossman and DosSantos 2011). Fewer than 15% of New Jersey BIDs are managed by a municipal commission. Rather, they act as an agent of the municipality. They must follow federal, state, and local laws and any government contracts. While they are created by the municipality, New Jersey BIDS do not require state approval for formation nor are they programs of the state (Becker, Grossman and DosSantos 2011). When asked, 78 % of staff members at New Jersey BIDs said that they worked directly for a BID, and 15 % said that they worked for a municipality. Only 5 % said they worked for another entity, which mostly indicated that the respondent was a consultant for the BID (Becker, Grossman and DosSantos 2011). The New Brunswick City market is a tax-exempt 501-C3 non-profit, and similar to many average sized BIDs, has only two full time staff members. However, at its formation, City Market operated in coordination with DEVCO, the New Brunswick Development Corporation.

Though the BIDs are not directly part of the municipality, 90 % of New Jersey BIDs require annual approval for their existence, a sharp break from the national trend. However, municipalities rarely disband BIDs.

Board Structure

Nationally

Nationally, the median size of a BID board is 13 members, ranging from 3 members at the smallest to 70 members at the largest. This being said, the preferred size is 7, 9 or 15 total members. Most BID board member have 3 year terms (46%) with another quarter choosing two year term limits. A plurality of board appointments are by elections held within the service district with 40% of BIDs choosing this option. Other common forms of appointment include selection by the existing board (38%), and appointment by the mayor (23%) and city council (22%) or other representative body. Most BIDs nationwide (65%) are required to leave board member spaces for certain interest groups (Becker, Grossman and DosSantos 2011).

New Jersey:

In the state of New Jersey, the median board size is 11 members, slightly smaller than nationally. As nationally, the preferred sizes for boards are 7, 9, or 15 total members. Most New Jersey BID board members have 3 year terms (43%) and about a third have 2 year terms (29%). BID board members come to serve their term by a range of means. A third of BID boards are mayor appointed and another third are appointed by city council. A majority of BIDs (57%) hold elections within the service district. Current board members select the new board in 21 % of BIDs and 31 % of BIDs have a different arrangement for selection entirely (See Table 1). Most New Jersey BIDs (73%) are required to leave board member spaces for certain interest groups. This number is higher than the national average (Becker, Grossman and DosSantos 2011). The roles designated or subscribed to the BID board also vary, with the largest discrepancy in the

ability to set the level of assessment revenues. Only 53% of BID boards in New Jersey have this power (See Table 2).

New Brunswick

New Brunswick City Market both holds elections within the SID district members and has board members approved by city council and the mayor. Some members are elected officials, while most members live or work within the SID. Most voting members are people who pay an assessment. Executive committee board members have an annual renewal while other board members have a two year elected term. Officers also hold a one year post.

Table 1- National, New Jersey, NBCM Boards

How are the members of your board elected or appointed?	Response Percent		
Answer Options	New Jersey	National	New Brunswick
Appointed by city mayor	31%	23.00%	Yes
Appointed by city council	31%	22.10%	Yes
Appointed by another level of government	15%	8.90%	No
Selected by organization's existing governing board	21%	37.60%	Yes
Members are elected officials from city, state or other government	15%	8.00%	Yes
Elections held within the service district	57%	40.40%	Yes
Recommended by BID but approved by local government	10%	13.10%	Yes
Other (please specify) - Selected or Appointed	31%	16.90%	Yes

Table 2- National, New Jersey, NBCM Board Rights

Does your Governing Board have the right to:	New Jersey			National (In # of Responses)			New Brunswick
	Yes	No	We recommend, government decides	Yes	No	We recommend, government decides	
Answer Options							
Set its own level of assessment revenues?	53%		47%	109	28	80	Recommend
Sets its own budget?	53%		5%	167	10	42	Yes
Make personnel/hiring decisions?	95%		10%	195	7	12	Yes
Make choices about the bundle of services?	90%		10%	192	5	19	Recommend
Make choices over the level of services provided?	90%		10%	192	3	21	Recommend
Does the BID have periodic renewal dates?	68%	32%	100% budgets approved annually	31.7%	68.3%		Annual Approval
(Becker, Grossman and DosSantos 2011)							

Range of scale: Physical

National

BIDs across the country range from small retail district in Baltimore with less than 50 properties each, to mid-scale operations like Union Square Partnership BID in NYC, consisting of twenty square blocks, to the one in Denver and Philadelphia comprising about 100 square blocks level (Institute for Meadowlands Studies 2009).

New Jersey

Like any place in the United States, the size of New Jersey cities and their BIDs range in size. Audubon and Maplewood have BIDs of a dozen blocks, whereas Atlantic and Jersey City have more than 40 blocks each. The median population for a New Jersey municipality with a BID is 73,808 people. However, if the populous Newark and Jersey City are removed, that median number drops to 25,430 people (as compared to the median 8,152 New Jersey population). New Jersey cities continue to create BIDs; the state has gained 42 BIDs in the past 11 years. This trend has consistently grown since the start of BIDs in New Jersey with between 0 and 3 BIDs formed annually, a 2-4% growth (Becker, Grossman and DosSantos 2011).

New Brunswick

In a city of approximately 50,000 people, New Brunswick City Market SID falls towards the middle with an 18 block radius; north up to Wall Street and down south to Morris Street, east goes to Route 18 and west to Kirkpatrick Street. It includes 80 property owners and around 300 businesses of all kinds. The NBCM falls inside a UEZ which offers retailers a chance to give 3.5% sales tax instead of the usual 7%.

General SID Activities

The services provided by SIDs range widely from location to location across the nation, but most are multi-faceted organizations. Aside from marketing and maintenance, which are the primary functions of the SID, other services may be provided, depending on the capabilities of the organization.

Security

National. Most SIDs do not provide security services, but those that do tend to restrict themselves to information-sharing rather than actual law enforcement. In every case where armed personnel were provided by the SID, the service was contracted rather than provided by their own staff. (Becker, Grossman and DosSantos 2011) Most of the visible security presence provided by the SIDs themselves tend to be in the form of uniformed, but unarmed ambassadors. Even so, much of those services are provided by private contractors, as the SID has very limited resources with regards to assigning employees to security-related tasks.

Researchers found that the actual or perceived security risk has contributed to the decline of downtown core; accordingly, one of the basic activities of SID is to enhance security. (Portland SIDs have “Portland Guides,” including retired officers that pass all properties in the 212-square-block district three times a day (Institute for Meadowlands Studies 2009).

New Jersey. Security services are not a predominant function of New Jersey BIDs, but some do provide various security measures. For example, the Jersey City SID pays for twenty officers and supports staff at four different posts. Some New Jersey BIDs have less formal security measures such as uniformed, unarmed, ambassadors. Some BIDs partner with community policing programs.

New Brunswick does not engage in security activities.

Transportation

National. Several SIDs have various transportation-related programs in place, though these are relatively rare when compared to other services provided. In most cases, this implies parking management while leaving other transportation modes, such as bikeshare, carshare, and public transit, to other providers. Some National SIDs, like the Bethesda (Maryland) Urban Partnership, operate a free downtown circulator to complement the existing public transit service provided by, in their case, the county buses and the Metro. This service is intended to allow people to park at the edge of the downtown and access a larger area that is accessible necessarily by walking. Another arena of service in which few BIDs participate is that of parking services in downtown, usually working cooperatively with municipal and already established parking authorities. The Portland SID manages seven city garages while Seattle SIDs offer a parking and transit discounts with downtown purchases.

New Jersey. Perth Amboy sponsors a program during the two-week period before Christmas. The BID purchases the parking meters from the local government and discounts the garages to allow for shoppers to do so without a parking cost (Institute for Meadowlands Studies 2009). Similarly, the New Brunswick City Market offers two hours of free parking with a valid downtown purchase. A more popular parking relate service BIDs engage in is managing transit shelter maintenance through contracts. Still others operate a downtown shuttle, again through contracts (Becker, Grossman and DosSantos 2011). New Jersey could explore transportation and parking activities further (See Table 3).

Table 3- New Jersey and NBCM Transportation Services

Which of these Transportation services does your organization provide with funding from the BID?				
Answer Options	With our staff	Through contracts	Do not provide	NBCM
Parking system management	5%	15%	80%	No
Transit shelter maintenance	5%	21%	74%	Yes
Rideshare program	0%	0%	100%	No
Operate downtown shuttle	5%	15%	80%	Yes
(Becker, Grossman and DosSantos 2011)				

Public Space Management and Maintenance

National. Though zoning regulations tend to be created and enforced by the municipality (or county), the SID still has a large role to play in the formulation of these codes for public spaces and the management thereafter. Though public space management is not particularly common among SIDs, slightly under half regulate or assist development of urban design protocols and facade guidelines within their district, though the SID has less of a say with enforcement: only about a third actually enforce these guidelines. These services are more often provided by the SID than by an independent contractor. Maintenance and improvement are activities that could upgrade the condition and appearance of the SIDs, including capital improvements, supplemental sanitation and etc. The Grand Central Partnership paid the new sidewalks and the daily supplemental cleaning of all 213 block within its SID boundary in Portland (Institute for Meadowlands Studies 2009).

New Jersey. In New Jersey, only a third of BIDs engage in long term capital improvements, though some municipalities, like Cranford, repair sidewalks. Typically, the maintenance and improvement work involves clean sidewalks and new streetscapes (See Table 4). BIDs both decorate for holidays and improve facades. They may administer leaf and snow removal and litter clean up (Becker, Grossman and DosSantos 2011).

New Brunswick. New Brunswick City Market provides all of the maintenance services that most New Jersey BIDs provide. City Market removes litter, snow and leaves; power washes the sidewalk and removes graffiti. The SID works to administer awning grants to the businesses

and keep up the district’s landscaping. The SID also oversees waste management and recycling for the SID businesses.

Table 4- New Jersey and NBCM Maintenance

(NJ) Which of these Maintenance services does your organization provide with funding from the BID?				
Answer Options	Provide with our staff	Provide through contract	Do not provide	NBCM
Rubbish collection	15%	42%	43%	Yes
Litter and graffiti removal	31%	47%	22%	Yes
Sidewalk washing	5%	57%	38%	Yes
Snow shoveling	10%	47%	43%	Yes
Grass and tree cutting, flower planting	36%	43%	21%	Yes

Marketing and Promotion

National. Marketing and promotion is a central focus of BID activity nationwide. When surveyed, 81% of BIDs indicated that they provide maps and other guides to the BID district. In terms of promotion, 86% of BIDs have marketing and advertising campaigns for the district and the businesses within. In these cases, the BIDs tend to use their own staff rather than consultants or contractors (Becker, Grossman and DosSantos 2011). Nationwide examples include multimedia advertising by SIDs in Seattle, and central management and promotion of the 16th Street Transit MALL IN Denver (See Table 5) (Institute for Meadowlands Studies 2009).

New Jersey. Marketing and promotion, as is the case nationally, constitute a main focus of New Jersey BID activities. The central object of marketing and promotion is to enhance the overall recognition, visibility, and ultimately the draw to the district. BIDs produce many marketing and promotional programs with their own staff and also use contracts with outside organizations to offer an even greater variety of events and activities. A majority of New Jersey BIDs use their own staff to run festivals and marketing and advertising campaigns. About half use their staff for farmer’s markets, arts events, management of street performances, and the production of maps and area information (See Table 6).

New Brunswick. New Brunswick City Market hosts a variety of promotional activities such as a restaurant week, a shop local program during back-to-school, summer, and holiday times, an outdoor summer music program, and as a partner in the Raritan River Fest. City Market

also markets New Brunswick through commercials, radio, print, internet ads, a website, guidebook, and the use of social media such as Facebook, Twitter, and a blog.

Table 5- National, New Jersey, NBCM Business Activities

Which of these Business Recruitment and Retention activities do you provide with funding from the BID:								
	National (In # of Responses)				New Jersey			NBCM
Answer Options	With our staff	Through contracts	Do not provide	Response Count	With our staff	Through contracts	Do not provide	
Market research	79	44	75	198	15%	43%	42%	No
Performance reporting	82	15	98	195	31%	27%	42%	No
Financial incentives for new/expanding businesses	46	13	135	194	26%	22%	52%	No
Business recruiting	113	11	76	200	57%	26%	17%	No
Marketing	137	28	37	202	52%	33%	15%	No
<i>answered question</i>				203				
(Becker, Grossman and DosSantos 2011)								

Table 6- New Jersey and NBCM Marketing

(NJ) Which of these Marketing and Hospitality services do you provide with funding from the BID:				
Answer Options	With our staff	Through contracts	Do not provide	NBCM
Street guides or ambassadors	33%	36%	31%	Yes
Tourism kiosks	15%	38%	47%	Yes
Maps and area information	57%	38%	5%	Yes
Marketing/advertising campaigns	63%	27%	10%	Yes
Festivals	63%	32%	5%	Yes
Farmer's markets	47%	22%	31%	No
Arts events	52%	22%	26%	Yes
Historic tours	15%	28%	57%	No
Holiday decorations	36%	64%	10%	Yes
(Becker, Grossman and DosSantos 2011)				

SID BUDGET, REVENUE SOURCES, AND ASSESSMENT

National

Responses skewed towards larger BIDs, nonetheless the National median BID budget was \$342,000. The smallest was \$11,000 and the largest \$17,957,868. SID budget can be supported from many sources, These include: government assistance, such as federal, state,

country and/ or city grants for economic development; contributions from the private sector in forms of donation, services proffered; and finally an assessment by the SID on the district (Institute for Meadowlands Studies 2009).

New Jersey

BID budgets in New Jersey range from under \$50,000 to \$4,700,000 in Atlantic City. Many mid-range cities have budgets between \$200,000 and \$500,000 (Institute for Meadowlands Studies 2009). Reflecting the mid-range cities, the average BID budget in New Jersey is \$300,000. While all New Jersey BIDs/SIDs use assessments other potential sources of funding vary. Contracts, at 42%, are most popular. Thirty six percent of BIDs have sponsorships and only 5% receive general city revenues towards the BID. However, only 10% of BIDs surveyed reported that the government did not levy funding for them. Of the remaining BIDs, those with levied funding, 80% reported that they receive the amount requested; only 10% reported that the BID received a different amount of funds than originally requested. Funding is not typically used for financing and only 10% pay debt service through the BID budget (Becker, Grossman and DosSantos 2011). The average BID/SID assessment comes in at \$26,000, and ranges widely. Some municipalities, like Montclair, depend on the assessment for 100% of the BID budget. Others, such as Wildwood, only receive 9% of the BID's budget from the assessment.

New Brunswick:

New Brunswick City Market receives its funding through various sources and has an annual budget of \$500,000 which it sets on its own. City Market obtains 89% of its funding through SID assessments, 2% through SID sponsorships and 4% through advertising sales.

SID Benefit Assessment Methods

A special assessment is essentially a levy on real property benefiting from a special project. Under a special assessment, the capital outlays are paid for by those benefiting from the project- abutting or otherwise nearby properties-to the streets, sidewalks, or other improvement. The charges are supposed to reflect the benefit principle, that individual assessment must be in proportion to the benefit received (Institute for Meadowlands Studies 2009). There are three major methods:

Physical Scale

In principle, the larger the property, the more that property benefits from the services offered by the BID. In this way, the reasoning of proportional assessment may be applied. The larger the property, the larger the facade, the sidewalk clean up, the more customers one must attract etc. There are two main ways in which the physical scale of the property may be determined for assessment. The first is property frontage, meaning the length of storefront on the street or sidewalk. The second is simple square footage of the property. Each approach has its advantages and disadvantages. Some argue that size as a gauge is not compelling because a building could be quite large, but have very few needs for BID or SID benefit such as a warehouse. This said, only 16% of BIDs use the frontage measure to determine assessment in New Jersey (Becker, Grossman and DosSantos 2011).

As an illustrative example, the Grand Central Business Improvement District in New York City as of 2005 had a total budget of \$11 million, dividing this amount by the total square

footage within the district (70 million square feet) yields a charge of about \$0.15 per square foot. With some further refinement, individual properties are assessed at the same rates multiplied by their square footage. Some other New Jersey SIDs have similar arrangement. Jersey City SIDs, Montclair Center SID as well as Englewood SID all charge on a square footage basis (Institute for Meadowlands Studies 2009).

Value

National. Valuation as an assessment method takes into account physical or frontage of a business property but also reflects other characteristics of the property such as location and features of the business. A BID assigns charges to a building proportionally to reflect its share of total value within the district. One national example is the Center City SID in Philadelphia. The total assessed value is \$ 3 billion, within 80 square block district, while the total SID budget is \$14.5 million. The charge is its assessed value proportionate to the total \$3 billion tax base, with this percentage then applied to \$14.5 million SID outlay (Institute for Meadowlands Studies 2009). Valuation again has its critiques. Buildings that in any other instance would appear very similar may receive starkly different assessment values. In order to account for some of these difficulties in assigning values more complex approaches are considered. BIDs may choose to use a mix of assessment types (Institute for Meadowlands Studies 2009).

New Jersey. In the state of New Jersey, 84% of BIDs base their assessments on valuation. Illustrative are the district in Atlantic City, Elizabeth, Iselin, Somerville and others.

Differentiation by Type and Land Use

To overcome flaws listed above, a number of SIDs assess benefit by considering differences in land use. Land-use category is typically incorporated together with other measurements. Nationally, the Buffalo Place SID in Buffalo and a number of SIDs in Seattle are two prominent examples of variation in assignment of costs by type of use. In New Jersey, there are also some examples of SIDs distinguishing by land-use type in their cost assignments; examples include the Red Bank River Center SID. Also, New Brunswick, in order to assign appropriate values to each property, has devised four tiers of assessments:

- Class A : general, commercial and retail, 0.00236
- Class B: office, space with retail, 0.00205
- Class C hotel and telecom (no retail), 0.00113
- Class D: corporate headquarters, 0.0008

Unlike most BIDs, New Brunswick has four different tiers with which they assess the business properties classification. The assessed value of each multiplied the SID tax rate equates to the annual SID tax assessment paid to the Municipality. Each property within the NBCM has an assessment, only a few have specialty exclusions. For example, there are several Rutgers, The State University of New Jersey, and Robert Wood Johnson Hospital properties in the NBCM and they are exempt from assessment. Additionally, certain properties received a special exemption as a development incentive such as the Heldrich Hotel and the new Gateway Project.

Assessment Rate Approval

Nationally

Nationally many BIDs must get their budget and assessments to be approved by a government body. This is mostly likely because 43% of assessments exist indefinitely once approved. Only 57% require periodic government renewal.

New Jersey

New Jersey differs from most BIDs nationally in that more than half of BIDs set their own assessment levels and budget. The other half of New Jersey BIDs make a recommendation on the budget and assessment and the municipal governing body ultimately approves or rejects the recommendation. While New Jersey BIDs appears to have more authority over the assessment levels and budgets, New Jersey BIDs are subject to much higher scrutiny in terms of the frequency of approval. All New Jersey BID assessments are approved annually, a stark contrast from the national trend.

REPORTING AND PERFORMANCE

BIDs can benefit their local community. As reported by Becker et al in 2011, BIDs can leverage up to 3 times their own budget. Additionally, BID areas are reported to exhibit higher property values and reduce store vacancies. These illustrations of success are obtained from performance reporting.

Nationally:

Nationwide, there are high levels of performance reporting among BIDs. The majority of BIDs report to various governmental organizations, publish an annual budget and financial report, and conduct financial audits. While there is no universal type of performance reporting, the most common is the annual budget. Nationwide, BIDs normally measure their performance mostly by using business surveys (65%) with data from the local government (38%) and visitors surveys (26%), followed by other various forms of data collection (Becker, Grossman and DosSantos 2011). The majority of national BIDs will report the number of businesses and business perceptions, and reports may also include data such as crime statistics, change in employment, new construction, number of visitors, and number of pedestrians within the boundaries of the BID (See Table 7).

Table 7- National Performance Reporting

(National) Does your organization:	Yes	No	Response Count
Report performance information to a governmental organization	177	32	209
Publish an annual budget	186	22	208
Publish an annual financial report	168	38	206
Conduct an annual independent financial audit	169	39	208
Publish annual performance information	154	51	205
Report budget or other financial information to a governmental organization	183	25	208
Publish or make publicly available the pay levels of employees	95	109	204
<i>answered question</i>			211
<i>skipped question</i>			64
(Becker, Grossman and DosSantos 2011).			

New Jersey

The State of New Jersey displays high levels of performance reporting. The majority of New Jersey BIDs publishes budgets, report to various governmental organizations and conduct financial audits, among other activities. Indeed, 100 % of all New Jersey BIDs report the annual budget. How New Jersey BIDs measure performance is very similar to national trends in this regard. New Jersey BIDs conduct business surveys, ask for participation with BID scorecards, conduct focus groups, receive data from the local government and private organizations, and communicate and collect feedback from the property owners directly (Becker, Grossman and

DosSantos 2011). Despite the similarities in measured used to report performance, and the propensity of the New Jersey BID to publish a budget, New Jersey BIDs have a slightly lower rate of publishing performance data (64%) than seen nationally (75%) Becker, Grossman and DosSantos 2011).

New Brunswick

New Brunswick follows general New Jersey trends for performance reporting. New Brunswick City Market publishes annual budgets and financial reports, as well as conducts an annual audit.

CONCLUSIONS

After reviewing the various surveys and studies regarding BIDs and SIDs on both a nationwide and statewide level, the Studio has come to several recommendations for the New Brunswick City Market. To start, BIDs nationally have much more varied sources of funding than are found in New Jersey BIDs. While New Jersey BIDs depend almost entirely on special assessments, nationwide, they also receive money from other sources, including:

- Advertising revenues
- Art festival
- Beer and Wine sales at an Event
- Business license fees
- Charitable contributions from businesses
- Clean Communities Grant & Recycling Trust Funds
- Community Redevelopment Agency Allowance
- Donations
- Event Revenues
- Farmers Market Revenues
- Fee for service work
- FTA JARC grant
- Fundraising
- General Funds from a city
- Grants
- Interest
- Local Option Sales Tax
- Parking lot revenues
- Participation fees
- PILOT (payment in lieu of taxes) from non-profit and government entities
- Project partnerships
- Property tax revenues
- Rental income
- Revenue from operation of transportation system.
- Special Purpose Local Option Sales Tax (SPLOST)
- Sponsorships

- TFCA and Lifeline Grants (Transportation Fund for Clean Air and Lifeline Transportation Program Funds)
- TIF funding
- Trolley service
- University partner
- Unspent prior year funds carried over
- Vendor fees at events
- Volunteer assessments

New Brunswick City Market can explore these funding sources and decrease reliance on the SID assessment itself.

In terms of programming, New Jersey BIDs have not explored transportation programs to the extent of BIDs in other states who have effected such transportation activities as shared parking garage responsibility and Transit Oriented Development. With a sizeable parking authority and important transit corridor in New Brunswick, collaboration with partner agencies on transportation matters could realize significant financial gains and an increase in shopping dollars from persons outside of New Brunswick. Also, New Brunswick City Market intends to install a series of new historical public sculpture within the district. Pairing the sculpture with historical tours and heritage festivals could bring in additional revenue for both the SID itself, the businesses benefiting from tourism, and foster an increased community identity.

Finally, many more SIDs nationally and in New Jersey use performance data and vacancy strategies to market the district and attract new businesses. Creative displays by local artists in vacant windows and online commercial vacancy databases both attract potential business. Some suggested performance measures include:

- Square feet leased or vacancy
- New construction
- Retail Sales
- Number of visitors
- Change in employment
- Population
- Number of businesses
- Crime statistics
- Number of pedestrians
- Business perceptions
- Visitor perceptions
- Number of businesses

Advertising New Brunswick City Market's effectiveness, in combination with greater awareness of available space, could reduce vacancy in the district.

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**NEW JERSEY COMPARABLE COMMUNITY AND
SID DETAILED CASE STUDIES**

Red Bank – A Case History



PHOTO: CATHERINE CLIFFORD

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INTRODUCTION AND SUMMARY

This case study of the Red Bank, New Jersey and its *Special Improvement (SID)* was done as part of the Rutgers University, Edward J. Bloustein School of Planning and Public Policy (Fall 2011) studio course on New Brunswick Redevelopment. This section is part of a larger report that will be presented to our studio client – The New Brunswick City Market (NBCM). New Brunswick City Market describes itself as “a non-profit organization that oversees the downtown Business Improvement District (BID). Founded in 1987, City Market was created as a financing tool used by local businesses to provide specialized services such as sidewalk clean-up, graffiti removal, physical improvements, façade and awning matching grants, special events, holiday programming, area marketing and business promotion.”

The current case study comprises the following sections:

- Section I: Red Bank History
- Section II: Demographic and Economic Context
- Section III: Red Bank SID
- Section IV: Red Bank River Center Activities
- Section V: SID Impact and Future
- Section VI: References

Some findings from the report include:

Section One:

Red Bank History

- Red Bank is located in northern Monmouth County on the southern bank of the Navesink River.
- It was originally part of Shrewsbury Township, and was incorporated as a borough in 1908.
- The population has hovered around 11-12,000 since before 1930, while the surrounding region has experienced tremendous growth.

Section Two:

Demographic and Economic Context

- Red Bank has a much larger Hispanic community (34.4%) and a moderately larger black population (12.4%) as compared to the state and county as of 2010.
- Red Bank has a lower median household income (\$62,122) as compared to the state (\$68,981) and the county (\$82,013) as of 2009.
- Housing in Red Bank is 47% owner occupied as compared to the rates for the state (65%) and county (75%).
- The 2002 and 2007 Census of Retail Trade show that of Red Bank’s total establishments, the top three types by percentage were food and beverage, clothing and clothing accessory, and furniture and home furnishing.
- Retail sales in Red Bank jumped by 29% from 2002 to 2007 (from \$251 to \$325 million).

- New Brunswick has a higher Hispanic population at 50%, lower median income (\$45,645) and a lower percent of owner occupied housing (23.9%) as compared to Red Bank.

Section Three:

Red Bank SID

- SID was established in 1991, with the purpose of raising the profile of the downtown as a cleaner and more vital destination for local as well as neighboring residents.
- There was a 35% vacancy rate (street level) in Red Bank in 1991.
- There are 254 properties within the SID.
- The 2011 budget (from assessments) for the SID was \$512,120, but had a total budget of around \$750,000.
- The River Center property assessment is imposed on all properties in the SID boundaries and has variable charges based upon proximity to the Center and projected benefit from the SID's streetscape activities

Section Four:

Red Bank River Center Activities

- Red Bank River Center has implemented a wide range of initiatives, programs, and marketing strategies since it was founded in 1991.
- River Center's activities are managed by a variety of committees including marketing, promotions, restaurant, and finance, among others.

Section Five:

SID Impact and Future

- At the start of the SID in 1991, Red Bank had vacancy rates at 35%. But by the year 2000, the vacancy rate had dropped down to 1%.
- The Red Bank River Center has done significant work in enhancing the image of Red Bank as well as promoting the area as a destination for restaurants, entertainment and retail shopping.
- The SID faces much competition from nearby retail centers such as the Monmouth Mall and The Grove shopping center. And during the summer they compete with the nearby ocean front destinations of Asbury Park and Long Branch.

RED BANK HISTORY

Red Bank Borough is located in northern Monmouth County on the southern bank of the Navesink River. It has a total area of 2.2 square miles, of which 0.4 square miles (17.13%) is water. It is located 24 miles due south of the southern tip of Manhattan, New York and is bordered by Middletown Township and the boroughs of Tinton Falls, Fair Haven, Shrewsbury and Little Silver. Red Bank is approximately 5 miles inland from the Atlantic Ocean and is by the Navesink and Shrewsbury Rivers. The borough of Red Bank was originally a part of Shrewsbury Township, one of the three original townships of Monmouth County. It is believed that Red Bank got its locality name in 1736 when Thomas Morford sold Joseph French “a lot of over three acres on the west side of the highway that goes to the red bank.” Red Bank was incorporated as a borough in 1908.

Red Bank has had a history of revivals; the area was not generally populated until

1809. In 1830 the town had only two houses – one of which was a tavern by the river. By 1844, slightly more than a decade later it had grown exponentially to more than 60 dwellings, several factories and trades, as well as a church and a public meeting hall and had become a commercial center. The focus of the industry in the area was on textiles, fur, tanning, and manufacturing goods for sale in Manhattan. Given that the town’s principal market was New York City, the Navesink was dredged by 1845, which enabled thirteen sloops and schooners to be built and one steamboat ferried the trade. The expansion was even more explosive in the 1860s after the arrival of the Raritan and Delaware Bay railroad (later absorbed by the Central Railroad of New Jersey). Commercial boating all but ended with the coming of the railroad, but the area continued to be a center for pleasure boating.

The population has hovered around 11-12,000 since before 1930, while the surrounding region has experienced tremendous growth. However, despite a promising start and an enviable location in one of the fastest growing areas of New Jersey, Red Bank did not always enjoy a history of growth. In fact, in a not too distant past during the 1980s, the community was known as “Dead Bank”. (*Historical Collections of the State of New Jersey, John W. Barber*).

DEMOGRAPHIC AND ECONOMIC CONTEXT

Red Bank is a thriving shore town, well suited to attract visitors as well as new residents. In recent years, demographic and economic changes have occurred and it is useful to explore these changes in light of how they affect SID activities and focus in the future.

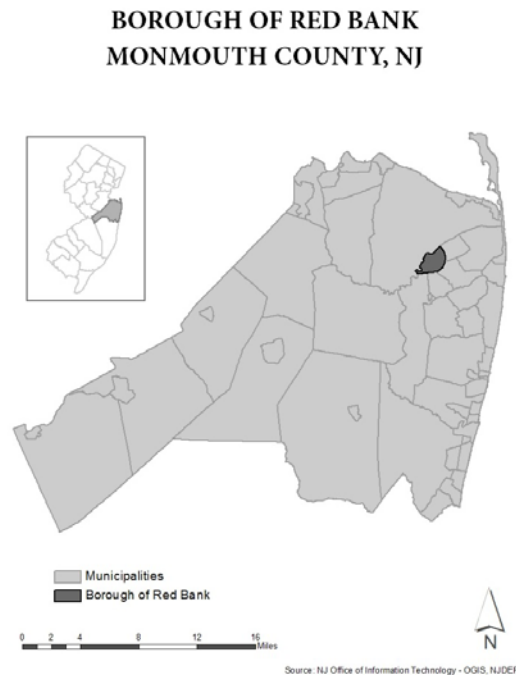


Table 1: Selected Population Characteristics for Red Bank, New Brunswick, Counties & State

	Red Bank	Monmouth County	New Brunswick	Middlesex County	New Jersey
Population, 2010	12,206	630,380	55,181	809,858	8,791,894
Population, 2000	11,844	615,301	48,573	750,162	8,414,350
Percent Change, 2000-2010	3.1%	2.5%	13.6%	8.0%	4.5%
Population/Square Mile (2005 density for municipalities, 2010 for counties and state)	6,657	1,336	9,596	2,615	1,185
Percent Black, 2010	12.4%	7.4%	16.0%	9.7%	13.7%
Percent Asian, 2010	1.9%	5.0%	7.6%	21.4%	8.3%
Percent Hispanic, 2010	34.4%	9.7%	50.0%	18.4%	17.7%
Percent Age 65 and Over, 2000	12.7%	13.8%	5.2%	12.3%	13.5%

Source: U.S. Census Bureau & Center for Government Services

Red Bank has experienced moderate population growth in the past ten years, with its 2010 population measuring just over 12,000 residents (shown in Table 1). Its 3.1% growth rate over 2000-2010 is above that of Monmouth County's 2.5% growth rate, though below the state's growth rate of 4.5%. In great contrast to the encompassing county, Red Bank, as of 2010, has a much larger Hispanic community (34.4% versus 9.7% countywide). Also, 2010 data shows that Red Bank has a moderately larger black population than Monmouth County (12.4% versus 7.4% countywide), while the share of Asians residing in Red Bank (1.9%) is substantially smaller in proportion than that of New Jersey (5%).

Red Bank's 2009 median household income of \$62,122, was below that of the state (\$68,981) and county (\$82,013), though its income per capita was higher than that of New Jersey (\$37,735 versus \$34,556). Recent figures show that Red Bank has a slightly lower unemployment rate of 8.6% as compared to New Jersey's 9.4% rate as of August 2011. See Table 2 below for more details.

Table 2: Selected Economic Characteristics for Red Bank, New Brunswick, Counties & State

	Red Bank	Monmouth County	New Brunswick	Middlesex County	New Jersey
Median HH Income, 2009	\$62,122	\$82,013	\$45,645	\$76,321	\$68,981
Per Capita Income, 2009	\$37,735	\$39,995	\$17,391	\$33,022	\$34,556
Unemployment Rate, Aug. 2011	8.6%	8.2%	8.3%	8.4%	9.4%

Source: U.S. Census Bureau, State of NJ DOL, ACS

As shown in Table 3, about 47% of housing is owner occupied in Red Bank, which is lower than the percentage county (75%) and statewide (65%). This also shows that Red Bank has a significant rental market, as more than half the households rent. The number of new building permits authorized for new residential construction decreased by about 50% from 2008 to 2010, following downward state and county trends and also the general downward trajectory of the U.S. residential housing market during these years.

The 2002 and 2007 Census of Retail Trade show that of Red Bank's total establishments, the top

Table 3: Selected Family and Housing Characteristics for Red Bank, New Brunswick, Counties & State

	Red Bank	Monmouth County	New Brunswick	Middlesex County	New Jersey
Households, 2010	4,929	234,582	14,119	278,877	3,214,360
Percent of Housing Units Owner-occupied, 2010	47%	74.9%	23.9%	66.6%	65.4%
Median Rent, 2000	\$813	\$1,179	\$837	\$960	\$751
Residential Building Permits, 2008	42	1526	184	1,020	18,369
Residential Building Permits, 2010	19	915	95	1,568	13,535
Average Family Size, 2010	3.29	3.29	3.91	3.3	3.22

Source: U.S. Census Bureau, American Community Survey & Center for Government Services, NJ DOL

three types by percentage were food and beverage, clothing and clothing accessory, and furniture and home furnishing. Retail sales in Red Bank jumped by 29% from 2002 to 2007 (from \$251 to \$325 million), while over the five-year span, the number of paid employees in the town grew from 935 to 1025 (see Tables 4-6).

Table 4: Retail Establishments in Red Bank, NJ, 2002 & 2007

	2002	2007
Motor vehicle and parts dealers	8	6
Furniture and home furnishings stores	13	14
Electronics and appliance stores	9	4
Building material and garden equipment and supplies dealers	8	6
Food and beverage stores	25	27
Health and personal care stores	5	8
Gasoline stations	4	5
Clothing and clothing accessories stores	19	19
Sporting goods, hobby, book, and music stores	9	10
General merchandise stores	2	2
Miscellaneous store retailers	27	30
Nonstore retailers	4	7
Total:	133	138

Source: Economic Census 2002 & 2007

Table 5: Retail Trade, 2002	Number of Establishments	Retail Sales (\$1,000)	Annual Payroll (\$1,000)	Number of Paid Employees for Pay Period Including 12-Mar
<i>Selected Statistics by Economic Sector</i>				
New Jersey	34,741	\$102,153,833	\$9,856,277	434,574
Middlesex County	2,701	\$8,893,407	\$870,398	38,610
New Brunswick	129	\$149,659	\$15,505	898
Monmouth County	2,855	\$8,785,490	\$1,095,755	38,919
Red Bank	133	\$251,173	\$24,815	935

Table 6: Retail Trade, 2007

	Number of Establishments	Retail Sales (\$1,000)	Annual Payroll (\$1,000)	Number of Paid Employees for Pay Period Including 12-Mar
<i>Selected Statistics by Economic Sector</i>				
New Jersey	34,482	\$124,813,580	\$120,49,975	460,843
Middlesex County	2,826	\$11,131,032	\$1,048,464	40,815
New Brunswick	135	\$201,465	\$20,253	958
Monmouth County	2,860	\$11,225,081	\$1,095,755	42,007
Red Bank	138	\$324,626	\$33,119	1,025

In terms of property taxes, Red Bank’s equalized (full market value) property rate in 2010 is 1.64%, and its total property tax levy, as of 2010, is \$38,084,967, or about \$3,120 per capita. So, about \$38 million are raised by property taxes to fund the various public service budgets, for example school, municipal, and open space budgets. (Table 7)

Table 7: Selected Property Tax Indicators, 2010

Municipality	Assessed Property Value	Equalized Property Value	General Property Tax Rate	Equalized Property Tax Rate	Total Property Tax Levy	Total Property Tax Levy Per Capita
Red Bank Borough	\$2,268,924,764	\$2,350,735,911	1.68%	1.64%	\$38,084,967	\$3,120.18
New Brunswick City	\$1,285,701,596	\$3,496,302,341	5.16%	1.91%	\$66,360,579	\$1,202.60

New Brunswick has had considerable population growth, (13.1%) as compared to Red Bank, in the past ten years. Also, 50% of its population is Hispanic, about 15% more than is seen in Red Bank. The median household income is below that of Red Bank’s, at \$45,645, and the percent of owner occupied housing is 23.9%, reflecting a very large student and rental population. Retail trade shows that revenue increased by \$50,000,000 in the ten-year period, and number of paid employees went up by 60. New Brunswick’s full market value tax rate in 2010 was 1.91%, slightly higher than that of Red Bank’s.

RED BANK SID

Origins, Formation, and Objectives

Throughout the 1980's, Red Bank saw its downtown surrender to the pressure of mega-malls and shopping centers that were saturating the region. Businesses were closing their doors, properties were being neglected, and property owners were filing –and winning- tax appeals. The Borough was forced into the untenable position of passing that tax revenue loss onto its residents.

In 1990, when it became clear that the status quo could no longer be sustained, Kerry Zukus of Zukus One Stop Eye Care located in English Plaza decided that something drastic needed to be done. Armed with a newly enacted New Jersey district management act that gave towns the ability to create Special Improvement Districts, Zukus approached legislators, business owners, and residents who ultimately formed an ad hoc group dedicated to exploring the potential of forming a Red Bank SID. Their group was formalized in March of 1991, when the Red Bank Special Improvement District was incorporated (River Center) with Zukus as its first president. Originally established as a parking advisory group, the organization soon evolved into recommending comprehensive revitalization strategies. The RiverCenter's objective was to raise the profile of the downtown as a cleaner and more vital destination for local as well as neighboring residents. Their mission statement reads, "To encourage self-help and self-financing programs within the downtown Red Bank business community to enhance commercial viability as well as promote economic growth within the borough." These goals were accomplished through a variety of different means. Façade improvements, streetscaping, and the establishment and promotion of special town events such as River Fest, Antique Car Shows, Arts and Crafts Shows, and the George Sheehan Run all played a role in revitalizing the downtown.

BOROUGH OF RED BANK MONMOUTH COUNTY, NJ



SID Timeline

Over the past two decades the Red Bank SID has had several significant milestones that have led to the overall growth and success of its downtown. Soon after the Mayor and Council formally established the SID by ordinance in 1991, the RiverCenter was formed and immediately sought to tackle the then 35% vacancy rate (street level). Through the mid-90's there were simultaneous efforts to raise the district's profile through concert series, streetscaping, and \$40 million worth

of building renovations. In those first five years the impact was so great that *NJ Monthly* magazine named Red Bank “the hippest town in NJ”. The latter part of the decade saw the closing of major anchor stores such as Woolworth’s and Steinbach’s, but through aggressive marketing they were replaced with Bon Ton and Restoration Hardware. Several brokerage houses began renovations (Smith Barney, Paine Webber, Merrill Lynch, Charles Schwab), and by the end of 1999 the demand for Red Bank retail space exceeded availability.

The new millennium continued to see retail growth, and festivals and events continued to gain popularity. A Children’s Cultural Center was established, a new visitor’s center was inaugurated, and parking was increased. In 2007, the Mayor and Council passed a new ordinance expanding the special improvement district to include the west side of the town. When the world economic crisis hit in October 2008, some of the business were forced to close but many relocated to other, smaller sites within the district. River Center countered the downturn with additional promotions, an increase in local activities and events, and business recruitment efforts. Despite a weak economy, the Red Bank SID managed to resist the fate of other New Jersey downtowns, and has remained a vibrant destination not only for its residents but also visitors from neighboring communities.

SID Location

Even though, by New Jersey statute, the municipal governing body is empowered to create, dissolve, or alter the boundaries of SIDs on its own initiative and authority, it is much more practical to gain support from the business and residents of the area. The Red Bank downtown district includes Broad Street from the post office to Marine Park and from Maple Avenue to one block east of Broad Street. Originally, the proposal was for the district to be much larger, including commercial areas west of Maple Avenue (as well as the antique buildings), The Galleria, and Shrewsbury Avenue. However, property owners in that area opposed the idea because they did not want to pay an assessment. The opposition grew more vocal as the plans for the larger district progressed, but eventually the plan was amended to exclude those who were opposed.



SID Organization and Membership

The Red Bank River Center is the designated District Management Corporation (DMC) and the organization is charged with downtown revitalization and management. Corporate governance is the responsibility of a board that is comprised by a total of 30 members; 22 members are elected by SID business owners, five representatives appointed by borough government, and three representatives of local institutions located outside of the SID. However, the most significant organizational decisions are made by an executive committee, which ranges from 5 to 13 members, and usually includes the mayor or borough administrator. The River Center, which employs two full time employees, is classified as a nonprofit organization under the Internal Revenue Code section 501(c) (4). River Center operates within the context of Red Bank borough, which is governed by a six-member council, elected at large to three-year staggered terms in partisan elections, and a mayor elected separately to four-year terms. There are 254 properties within the Red Bank SID.

SID Governance and Finance

The River Center property assessment is imposed on all properties in the SID boundaries and has variable charges based upon proximity to the Center and projected benefit from the SID’s streetscape activities. There is a “basic rate” for properties not receiving streetscape benefits and a higher central location SID charge. The Special Improvement District budget is in the total amount of \$512,120.00, all of which is raised by tax assessment of the District which results in a tax rate of approximately 9.9 cents per hundred dollars of assessed value for those properties located on Broad Street (SID-2); a tax rate of approximately 13.4 cents per hundred dollars of

assessed value for those properties located on Monmouth Street (SID-3); a tax rate of approximately 13.4 cents per hundred dollars of assessed value for those properties located on the corner of Broad and Monmouth Street (SID-4); a tax rate of approximately 9.3 cents per hundred dollars of assessed value for those properties located in (SID-5); and a tax rate of approximately 9.9 cents per hundred dollars of assessed value for the remaining properties (SID-1) within the Special Improvement District. These assessment and resulting budget are the same as 2009 and 2010.

Red Bank RiverCenter - March 8, 2011

2011 Budget

Administrative & Overhead	\$244,391
Monmouth St. Streetscape Debt Service	\$32,194
Total Events	\$5,000
Holiday Events	
Concert & Santa Express	\$9,500
Holiday Advertising	\$6,500
Horse & Wagon	\$6,700
Holiday Harmonies	\$3,000
Gingerbread Walk	\$1,000
Subtotal All Events	\$26,700
Business Recruitment & Retention/Marketing	
Red Hot Comm. Pub. (Creative & Design)	\$12,000
Gift Cheques/Gift Cards	\$6,000
Marketing/Advertising & Collateral Materials	\$30,335
ICSC, other shows, recruitment & travel	\$4,500
Website	\$5,000
Visitors Center	\$50,000
Subtotal Recruitment & Marketing	\$107,835

RED BANK RIVER CENTER ACTIVITIES

Red Bank River Center has implemented a wide range of initiatives, programs, and marketing strategies since it was founded in 1991. These activities are the primary means of managing and revitalizing Red Bank's Special Improvement District and aim to create a vibrant and diverse downtown for visitors, residents, and workers.

In 1991, vacancy rates in downtown Red Bank were at 35%, and River Center was formed to undertake the huge task of bringing businesses and visitors back to the area. For the past twenty years, the organization has directed marketing and promotion efforts, design and planning projects, as well as numerous programs and events to draw new customers and boost the economy. River Center's activities are managed by a variety of committees including marketing, promotions, restaurant, and finance, among others.

Marketing

River Center has implemented several marketing strategies to promote and publicize Red Bank's central business district. These activities are organized by the promotions director, and have been instrumental in bringing businesses and visitors back to the downtown area.

In 2002, River Center funded the opening of a Visitor's Center at 46 English Plaza to provide a physical location where visitors can find more information about Red Bank and its business district. The center offers guides and brochures about Red Bank retail establishments, restaurants, theaters, events, and special promotions. It also provides state and county guides as well as transportation information and schedules. The Visitor's Center has its own website separate from River Center, which offers similar resources and information on local stores, restaurants, hotels, and current events.

River Center redesigned its website in 2005 to create a more user-friendly interface for users and make it easier for visitors to find information and resources on downtown Red Bank. In addition, River Center produces various marketing collateral for distribution including a general Town brochure, a Dining Guide, and special events information sheets. These materials provide an easy way for visitors to learn more about Red Bank, and find notable locations and events.

River Center also offers a "Red Bank" gift card, which is available for purchase online, at River Center's offices, and various downtown establishments. This gift card can be used at over 100 stores and restaurants in Red Bank and helps draw more visitors to retail locations in the area and brands Red Bank as a destination.

Finally, a large portion of River Center's budget is spent on street decorations, particularly during the holiday season. These efforts are part of the SID's overall efforts to enhance the downtown and encourage people to visit Red Bank's establishments.

Design and Construction

River Center has helped direct and fund millions of dollars in streetscape improvements and building renovations to create a more inviting and pleasant environment in the downtown area. River Center's Visual improvement Committee approves designs on new projects in the downtown and includes architects, landscape architects, and other professionals who typically meet twice a month. These design and planning projects have greatly improved the aesthetics of the downtown and brought regional and national recognition to Red Bank.

Streetscape improvement projects have had some of the most significant impacts on improving economic activity and increasing foot traffic in the downtown. Previous and current streetscape projects have included flower planting, bench installments, lighting improvements, and enhanced signage, among others. Currently, River Center is approving designs for Monmouth Street improvements, a project that is funded by a Local Aid Grant for the Borough of Red Bank.

Starting in 1994, numerous buildings in Red Bank have undergone renovations and rehabilitations as a result of significant investment from local businesses. River Center has had a large role in partially funding and approving the designs for these projects. These developments have provided downtown locations with more modern amenities and have made the business district more attractive to potential commercial tenants and visitors. Notable renovations include the Galleria Red Bank, a former factory that now houses shops, restaurants, and offices. Upgrades on the Galleria were completed in the 1990s and much of the building was rehabilitated to reflect its original structure and design. Count Basie Theater has also undergone major renovations, with over \$10 million spent on building restoration and upgrades since 2004. The theater has gained national recognition and has hosted several major performers including Bon Jovi and Bruce Springsteen.

Red Bank has also seen brand new construction and development in the community including the Two River Theater, which opened in 2005. The theater is a state of the art complex that offers performances workshops and educational programs. The building architecture has been widely praised and drawn more visitors to Red Bank seeking a cultural experience. The development of the Riverside Gardens Park in 2000 has provided a much need open space in Red Bank, and features gardens, a stage area, and a boardwalk on two acres along the river front. The park hosts several events throughout the year including free performances during the summer.

Programs and Events

River Center hosts several popular events throughout the year, with the primary goal of drawing more foot traffic to the downtown district, as well as providing a greater variety of cultural activities to visitors and residents. These events also bring in a significant amount of fundraising from sponsorships and vendor fees and contribute to River Center's yearly revenue.

Since 1991, River Center has directed or sponsored many programs and events, including Jazz in the Park, Flower and Garden Show, and "Spring into Red Bank". River Center has also coordinated the "Street Life" summer program since 2000. This series features a variety of performances and acts on Saturday evenings and helps increase the nighttime economy to local

businesses while bringing character and appeal to Red Bank.

Currently, River Center features several events a month on its calendar, including the popular Oyster Festival, the Halloween Parade, and the weekly Farmers Market at the Galleria. According to the staff, River Center also meets with downtown businesses after all events to gauge the benefit they bring to local establishments and understand how future events can be improved.

River Center has been influential in changing the economic and cultural environment of Red Bank since it was founded in 1991. Through a carefully allocated annual budget, the Red Bank SID has seen street improvements, aesthetic enhancements, increased foot traffic, and other major impacts through the implementation of a variety of activities. These activities, including marketing initiatives, design and construction projects, and community events directed by River Center have been a major factor in contributing to the development and revitalization of downtown Red Bank.

SID IMPACT AND FUTURE

It is difficult to assess the impact the SID has on Red Bank, but where would Red Bank be today without the SID? At the start of the SID in 1991, Red Bank had vacancy rates at 35%. But by the year 2000, the vacancy rate had dropped down to 1%. Although the SID zone saw an increase in the vacancy rates up to around 9.5% during the recent economic downturn, it has recovered somewhat to a certain extent with current vacancy rates at around 6%. Current vacancy rates on the nearby Route 35 corridor and the Route 18 corridor currently stand at 13.8% and 22.1% respectively (R.J. Brunelli & Co. Inc.: NJ Vacancy Survey 2011). The Red Bank River Center has done significant work in enhancing the image of Red Bank as well as promoting the area as a destination for restaurants, entertainment and retail shopping. Red Bank is currently home to many popular restaurants, entertainment venues such as the Count Basie Theater as well as nationwide retail stores such as Restoration Hardware and Urban Outfitters.



The Red Bank SID continues to improve on its image with marketing campaigns, signature events, renovations and construction to improve the street scape. They continue to raise funds beyond just the assessment fees with fundraisers, events, and state, local and national grants. With strong support from Red Bank Borough, the community, property owners and businesses, Red Bank River Center continues to thrive in today's economic climate. They continue to reach out to attract new businesses, provide consulting sessions with businesses and hold after event meeting with all stakeholders in the SID in order to continue their success. There is no doubt that Red Bank is an example of a thriving and successful SID and has had a significant impact on the Borough. However, they are not without their own challenges. The SID faces much competition from nearby retail centers such as the Monmouth Mall and The Grove shopping center. And during the summer they compete with the nearby ocean front destinations of Asbury Park and Long Branch. They also face challenges in regards to parking as well as the Hispanic day laborer populations within the community. Although the Red Bank River Center and the SID district since its inception in 1991 has continued to flourish, they must continue to adapt to face these challenges as well as others that lie ahead and build off their strengths in order to ensure continued success for the future.

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MONTCLAIR AND MONTCLAIR CENTER – A CASE STUDY

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SUMMARY

- A detailed description of the history, location and socioeconomic status of Montclair is presented in the beginning to show the context of action for establishing special improvement district (SID).
- Montclair SID is formed in 2002 as anon-profit organization and properties within the boundary have unique assessment based on square footage. Other Montclair SID financing and budget information is mentioned.
- Montclair SID provides primarily marketing and advertising, maintenance and upgrading, business development, public safety and hospitality, and transit village related services. Some of the examples for Montclair SID activities are also stated.
- The benefits Montclair received from SID implementation that include increased tax ratable and status, decreased vacancy rate are highlighted, a series of future proposals for Montclair SID are offered.

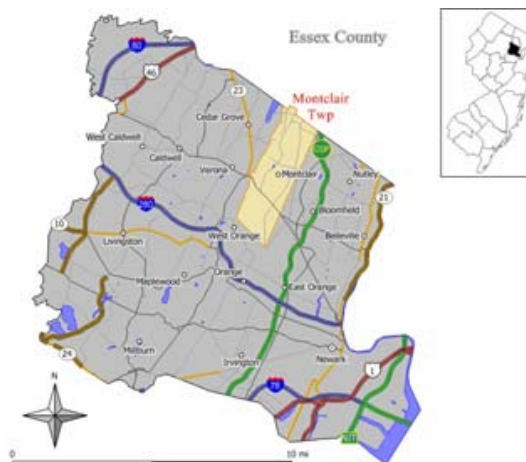
SETTING ANALYSIS

Location and History

Montclair, New Jersey is a quintessential North Jersey small city. Located in the north-central part of Essex County, it covers 6.16 square miles. Essex County is in the northeast part of the state. The city sits on the first mountain of the Watchung Mountain Range, providing a good view to New York City; it sits a mere 18 miles from Manhattan, allowing residents convenient access for work and enjoyment.

Other physical features present in Montclair include a number of east flowing streams that cross through the city. Montclair is home to a number of educational facilities that cater to all levels. There are 23 elementary, middle, and high schools as well as one university, Montclair State. Today, it is home to 37,669 residents (US Census, 2010).

Montclair was not always so large, and it was populated before any European settlement. Today's footprint of Montclair was home to the Lenape Indian tribe (Montclair New Jersey, 2011). European presence emerged by 1666 when the English founded Newark, which included parts of what is Montclair today. It wasn't until the early 19th century that Montclair began to grow. By 1831, the Morris Canal was completed and a number of industries, including a wool mill, had moved into the area (Montclair New Jersey, 2011). Regular rail service arrived in the area by 1856 and finally, in 1868, Montclair Township was officially chartered (Montclair New Jersey, 2011). This ushered in an era of major growth in the city; between 1880 and 1930 the population grew from 5,147 to 42,017 (Montclair New Jersey, 2011).



Essex County, Montclair Township highlighted in yellow

Source: Wikipedia

Socioeconomic Detail

In order to better understand the dynamic of Montclair, it is necessary to analyze a number of types of socioeconomic data. This is also helpful when it comes to comparing Montclair to New Brunswick, in terms of business improvement districts (BIDs). This data, while not directly related to the BIDs, helps to show what kinds of BID initiatives might be successful in a given location.

Population, Age, and Race

In 2010, the population of Montclair Township was 37,669, down slightly from the 2000 population of 38,977. The median age of this population was 39.9 years of age and 6.9% of Montclair’s population was age 65 and older. In 2000, the Montclair median age was only slightly less, at 37.5 years of age, but the percentage of the population age 65 and older was much higher, at 12.0%.

Montclair is home to a number of different races. In 2010, whites comprised 62.2% of

2010	Montclair	New Brunswick	Essex County	Middlesex County	New Jersey
Total Population	37,669	55,181	783,969	809,858	8,791,894
Median Age	39.9	23.3	36.4	37.2	39.0
% Age 65+	6.9	5.2	11.5	12.3	13.5
% White	62.2	45.4	42.6	58.6	68.6
% Black	27.2	16.0	40.9	9.7	13.7
% Amer Indian/Alaskan	0.2	0.9	0.4	0.3	0.3
% Asian	3.8	7.6	4.6	21.4	8.3
% other	2.2	25.6	8.4	7.0	6.4
% two or more	4.5	4.4	3.2	3.0	2.7
% Hispanic (any race)	7.5	49.9	20.3	18.4	17.7

Population, Age, and Race Data for Montclair, New Brunswick, Essex County, Middlesex County, and New Jersey - 2010

Source: US Decennial Census

the population, while African Americans made up 27.2%. The remaining 10.7% of the city’s population was Asian (3.8%), American Indian or Alaskan native (0.2%), another race (2.2%), or two or more races (4.5%). In terms of ethnicity, 7.5% of Montclair’s

population was Hispanic. The census data for 2000 and 2010 data indicates an increase in the white population (from 59.7% to 62.2%) and a decrease in the African American population (from 32.1% to 27.2%).

The population, racial, and ethnic makeup in New Brunswick is rather different. The 2010 New Brunswick population was 55,181, up from the 2000 population of 48,573. This stands in contrast to Montclair’s decline in population. The median age in New Brunswick is significantly younger than Montclair; in both 2010 and 2000 it fell in the 26 year old range as compared to the Montclair median ages of 37.5 in 2000 and 39.9 in 2010. Similarly, the percentage of the population in New Brunswick aged 65 and older is miniscule, coming in at 6.5% in 2000, and even less in 2010, with 5.2%. This age data is important to consider when comparing the Montclair and New Brunswick BIDs. The types of initiatives that work best for these two different age groups are likely very different. Clearly, New Brunswick’s population is much younger than Montclair.

In terms of racial composition, in 2010 New Brunswick had a 2010 population that was 45.4% white and 16.0% African American. Other races in New Brunswick accounted for 25.6% of the population and Asians (7.6%), American Indians or Alaskan natives (0.9%), and two or more races (4.4%) made up the final 12.9%. Almost half of the population in New Brunswick in 2010 was Hispanic (49.9%). According to census data, from 2000 through 2010, the percentage of New Brunswick’s population that was white and African American both decreased (whites from 48.8% to 45.4% and African Americans from 23.0% to 16.0%). The biggest population increase between 2000 and 2010 was in other races, with an 8.5% gain. The Asian, American Indian or Alaskan native, and two or more races all increased as well. Finally, New Brunswick’s Hispanic population increased 10.9% between 2000 and 2010, a significant change (US Census, 2010, 2000). The vast differences in the white and the Hispanic populations are the most noticeable statistically between Montclair and New Brunswick. Data for both Essex and Middlesex counties as well as the state of New Jersey are in the appendix for further comparisons (Appendix 1).

Housing and Income

As far as income and property values, Montclair and New Brunswick could not be more different. The only similarity between the two cities is that they both declined in household incomes and both increased in property values. Between 2007 and 2009, Montclair’s median household income declined from \$92,988 to \$91,996 and its median property value increased from \$599,300 to \$625,000. These numbers stand in stark contrast to New Brunswick. Between 2007 and 2009, New Brunswick’s median household income declined from \$46,766 to \$45,194

2010	Montclair	New Brunswick	Essex County	Middlesex County	New Jersey
Median Household Income (2009)	\$ 91,996.00	\$ 45,194.00	\$ 54,086.00	\$ 76,049.00	\$ 69,240.00
% People Below Poverty Level (2009)	7.0	25.6	14.5	7.6	8.8
Median Property Value (2009)	\$ 625,000.00	\$ 299,600.00	\$ 400,900.00	\$ 358,300.00	\$ 361,100.00
Housing Units	15,911	15,053	312,954	294,800	3,553,562
% Occupied Housing Units	94.8	93.8	90.7	95.4	90.5
% Vacant Housing Units	5.2	6.2	9.3	4.6	10
% Owner Occupied	57.0	23.9	45.2	66.6	65.4
% Renter Occupied	43.0	76.1	54.8	33.4	34.6
% Family Households	62.6	54.9	66.7	72.2	69.3

Housing and Income Data for Montclair, New Brunswick, Essex County, Middlesex County, and New Jersey - 2010

Source: US Decennial Census, 2010; American Community Survey, 2009

and this city’s median property value increased from \$294,800 to \$299,600. To generalize, Montclair’s median household income and median property value are double that of New Brunswick’s (American Community Survey, 2009,

2007). With respect to poverty level, Montclair and New Brunswick are again in very different positions. As of 2009, Montclair had a 7.0% poverty rate, whereas New Brunswick had a 25.6% poverty rate (American Community Survey, 2009).

Despite their differing population totals, in 2010 both Montclair and New Brunswick had a very similar number of housing units; 15,911 and 15,053 respectively. From 2000 to 2010, Montclair only had a modest increase in housing units, adding only 380 units. New Brunswick, on the other hand, added 1,160. Both cities saw an increase in housing vacancy (1.9% in Montclair, 0.2% in New Brunswick) and a decrease in family households between 2000 and 2010 (-1.9% in Montclair, -0.3% in New Brunswick).

A major difference between Montclair and New Brunswick is the percentage of owners versus renters. The majority of Montclair’s households (57%) in 2010 were homeowners. This is very close to the 2000 statistic of 56.4% owner-occupied. On the other hand, in New Brunswick only 23.9% of its households in 2010 were owner-occupied, a bit of a drop from the 2000 owner occupancy level of 26.3% (US Census, 2010, 2000). This is a large disparity that is likely explained by the very large college student population in New Brunswick. While Montclair is home to a university as well, it is significantly smaller than Rutgers. Demand for rental housing is very large in a city like New Brunswick with its student population over 56,000 (Rutgers University Factbook, 2010-2011). Montclair University has a student population of just over 18,000. Data for both Essex and Middlesex counties as well as the state of New Jersey are in the appendix for further comparisons (Appendix 2).

Retail Trade

Another important consideration for BIDs is retail trade data. This kind of information can help to bring to light the kinds of things that people do and come to do in the city. Both Montclair and New Brunswick have a rather varied set of industries.

In Montclair, three different industries dominate the city’s landscape in terms of percentage share of employer establishments; professional, technical, and scientific services (22.3%), healthcare and social assistance (19.3%), and retail trade (14.8%). While professional, technical, and scientific services ranked first in this capacity, it had far fewer employees (809) and annual sales (\$131,379,000) than the other two categories. Healthcare and social assistance in Montclair had the most employees of any category (3,169) and annual sales of \$257,941,000.

Retail trade accounted for the largest component of annual sales in Montclair (\$388,823,000) and had 1,520 employees (Economic Census of Retail Trade, 2007, 2002). Per this data, retail is where Montclair makes the most of its money in terms of industry. This is important to consider when formulating BID initiatives. Another important consideration is the number of employees in Montclair. Using this data can help to determine what kinds of initiatives would be effective. For example, what kinds of products and services do healthcare and social assistance professionals spend their money on? This type of question can help to increase patronage of downtown establishments by capturing the interests of a large segment of the workforce in town.

In New Brunswick, the industry profile is rather different. The number of employer establishments is similarly varied like Montclair. In 2007, professional, technical, and scientific services in New Brunswick ranked the highest in this category with 17.9% of all establishments. Accommodation and food service (17.6%), retail trade (15.6%), and healthcare and social assistance (14.8%) followed. However, annual sales and number of employees in New Brunswick are not nearly so varied. Only two industries dominate each of these categories. Healthcare and social assistance comprise the lion's share of annual sales with almost half of the total in New Brunswick (\$1,274,157,000). The next industry in this category is manufacturing with 19.0% of the total (\$518,501,000). When looking at the number of employees, healthcare and social assistance again dominates with almost half the total in New Brunswick (9,083). Next is administrative and support and waste management and remediation (ASWR) with 20.6% of the total (4,313). This is interesting considering that the ASWR industry has only small shares of the annual sales total and number of employer establishments total, 6.8% and 8.0%, respectively (Economic Census of Retail Trade, 2007, 2002).

Again, this data is important to the kinds of BID initiatives and promotions chosen for a city. Based on the variations in these industry statistics between Montclair and New Brunswick, each BID may find that some initiatives work better in one place than the other. For instance, there is a need for services and programs that accommodate ASWR employees in New Brunswick while there is no similar need in Montclair. Data for both Essex and Middlesex counties as well as the state of New Jersey are in the appendix for further comparisons (Appendix 3).

Since a BID's focus in a city is often on retail, it is important to delve deeper into the retail trade sector. All retail is not the same; both Montclair and New Brunswick have retail outlets selling everything from auto parts to electronics to food and drink. Interestingly, Montclair and New Brunswick have very similar retail profiles in terms of dominant sectors. In

three of the four Economic Census of Retail Trade categories, both cities have the same dominant sectors. Food and beverage and clothing and accessories stores have the most establishments in both cities. Food and beverage and health and personal care stores have

Retail Trade Sector	Montclair	New Brunswick
Number of Employer Establishments	157	135
Annual Sales (\$1,000)	388,823	201,465
Annual Payroll (\$1,000)	37,818	20,253
Number of Employees	1,520	958

Retail Trade Sector Data for Montclair and New Brunswick - 2007
Source: US Economic Census, 2007

the most annual sales and highest payrolls in both cities. As for number of employees, both cities have a large number of employees in food and beverage stores (Economic Census of Retail Trade, 2007). Looking at the dominant sectors of retail in the cities can help the BIDs determine

where to focus their efforts in order to achieve the most success. Complete retail trade data for Montclair and New Brunswick are in the appendix for further comparisons (Appendix 4).

BID ORIGINS AND PROFILE

BID Formation

The BID in Montclair, Montclair Center, was formed in 2002. The predecessor to Montclair Center was a volunteer group called the Montclair Downtown Alliance. The Montclair Downtown Alliance focused on the streets of the downtown area in the city, specifically targeting its dirty and littered appearance (“BID-ding Montclair Farewell: Lonergan



announces departure”). The founding executive director of Montclair Center was Thomas Lonergan; today, the director is Luther Flurry.

Montclair Center’s offices are located at 7 North Willow Street, right in the heart of the BID boundaries. This location serves as the headquarters for general program operations as well as committee meetings (Montclair Center Annual Report, 2010).

BID Organizational Structure

Montclair Center is a 501(c)3 not for profit organization. It has an executive director as well as two full time and one part time BID Ambassadors. This BID Ambassador team’s goal is to enhance the overall visual appeal of the

Montclair Center BID boundaries, highlighted in orange

Source:

<http://www.montclairnjusa.org/dmddocuments/Historic-District-and-BID.pdf>

downtown area and to get to know the business owners. The Montclair Center board of directors has 21 members. These members include individuals who are town council members, property owners, business owners, and representatives from various downtown groups (Montclair Center Annual Report, 2010). These groups include the city parking authority and the historic preservation commission.

BID Finance

The annual budget for Montclair Center budget is \$418,000. This budget is funded entirely by a tax assessment on the properties within the BID boundaries. This includes the Bloomfield Avenue corridor as well as ancillary streets between the Montclair Art Museum and Pine Street. The total property value for the BID is approximately \$310 million. The assessment rates are based on physical scale and divided so that each property pays a proportionate share.

Each property in the BID has a unique assessment based on square footage. This assessment is derived by dividing the square footage of the individual property by the total square footage of all the BID properties, and then multiplying that number by the total annual budget. The general assessment rate per square foot can be derived by dividing the total BID budget by the total BID property square footage. This year, according to the current director Luther Flurry, a feasible

increase in the total SID assessment/budget is anywhere from 0-2%. The BID is currently looking into the possibility of using a trash based assessment scheme for the future.

BID Reporting

Montclair Center provides a number of reports to the public and to its members on a regular basis. The two annual formal reports are a yearly report that is released to the public and an annual budget audit. In addition, the BID holds an annual meeting for its constituents and also provides monthly email updates about BID issues to its constituents.

BID ACTIVITIES

Marketing and Advertising

More than ever, publicizing and promoting the Montclair Center commercial corridor is a major focus for Montclair BID, serving as place-marketing functions that value Montclair as a destination for visitors and as a direct generator of business volume for local businesses. Special events are provided by the BID that includes an Annual Sidewalk Sale, the Crane Park Festival, Independent Retail Week and a Black Friday Sale. This June, sidewalks in downtown Montclair were lined with scores of displays tables offering wide varieties of marked down merchandise from dozens of fine shops and eateries. Additionally to the great sale, live music and plentiful activities for the kids helped to successfully attracted thousands of bargain hunters to the downtown district for a day of discount shopping and family fun. (Montclair Center Annual Report, 2010) Similarly, the Crane Park Festival is designated to market and highlight the eclectic blend of businesses occupying Montclair Center's burgeoning shopping areas. Also, the event is paired with live music, games and other activities. Moreover, in support of the important holidays shopping season, local BID staff help to install festival seasonal decor throughout the downtown district. Wreaths, snowflakes, garland wrapped poles, brand new holiday themed banners and sidewalk planters were put up during last year starting from November. In addition to generic advertising, the BID invested in a variety of other marking initiatives, including local BID Website, featuring a fresh design complete with valuable information about downtown shopping, dining, entertainment and much more. In the next year, the BID will have tourism kiosks installed in various locations downtown.

Maintenance and Upgrading

These are activities to upgrade the condition and appearance of the Montclair BID area and range from the unique local BID Ambassador Program, and capital improvements to the more recent facelift project. Capital improvement includes adding more custom trash receptacles, public benches, intersection signage, bus shelters as well as lamppost banners. Besides, the Downtown Ambassador Program continues to upgrade the quality of life of Montclair Center commercial corridor. The program has two full time and one part time staff members. The team is responsible for a wide variety of tasks and projects geared towards the cleanliness and overall visual appeal of the central business core. In fact, approximately 70% of all BID's annual budget goes towards these efforts, as the city itself is not responsible for street maintenance; this is the BID's responsibility. The crew's daily maintenance tour greatly

enhanced the local landscape and keeps the area clear of litter and debris. In addition to the overall maintenance, the Ambassador staffs are also in charge of the removal of graffiti from center buildings or public locations; power washing the sidewalks, taking care of the planters and plant beds, installation of banners and etc. This team has become an integral part of the program's agenda, continuing to exhibit their willingness to consistently go above and beyond the call of duty. (Montclair Center Annual Report, 2010).

And after many years preparation, the BID's long proposed streetscape plans for redesigning South Park Street finally unveiled early this year. The goal of this \$1 million facelift project is to revitalize downtown development by jumpstarting property values in a strip now blighted by vacant storefronts and crumbling sidewalks. (North Jersey News, Feb, 2011) Detailed project would revamp the aiming street with wide walkways, trees, public seating and a center median- planning to complete in 8 to 12 weeks. In addition, there are plans to incorporate removable bollards to enable events such as farmer's markets in the area. According to the chairman of Montclair's Capital Finance Committee, the reported prediction of the revamp from this project would increase municipal ratables, bringing the city \$169,000 a year. Also the estimated increase after the upgrading would be 10 percent of property values on South Park Street, 5 percent on properties within 500 feet of the street and 2 percent on properties between 50 and 1,000 feet. (Montclair times)

Business Development

The Montclair BID also concentrates on developing businesses in the core area. Montclair Center provides grant research and general business assistance, a downtown real estate directory and facade improvement grants to support local businesses. Another important activity is the Main Street NJ program. The latter typically provides assistance with architectural design, website design, and general business marketing. However, due to substantial budget cuts in Trenton, the Main Street NJ Program was largely defunded in the last year, causing cutbacks to the services listed above. But, in Montclair, the program did continue to offer district members a wide range of professional and technical support services as well as free "webinars" designed to assist small business owners with a variety of issues. The local BID members also attend the



South Street Redevelopment Scheme, Montclair
 Source: <http://www.flickr.com/photos/msnj/4746472811/>

routine training seminars (primarily on economic development) offered through the Main Street NJ program at the headquarters in Trenton. Hopefully, with the increase in the budget, those programs currently on hiatus should resume soon (Montclair Center Annual Report, 2010).

Montclair Center has begun holding a lunchtime series for BID members that focuses on business retention issues. The hope for this program is to ensure that businesses are adequately supported and that if there are any issues that they may be raised here. This series is focused on assisting BID businesses with anything related to staying in business. Along these lines, Montclair Center also offers grant research assistance and general business assistance.

Another active initiative for the BID is commercial vacancy reduction. Montclair Center works directly with landlords of “lesser” spaces downtown in order to match potential tenants to open spaces. As for the more major, anchor spaces in the BID district, a number of major real estate firms work to market vacancies to potential tenants. In addition to these initiatives, Montclair Center also has a real estate directory available for the downtown area.

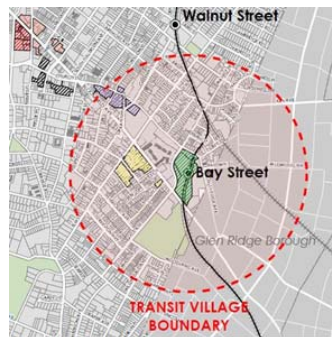
Public Safety/ Hospitality

Actual or perceived safety related issues have contributed somehow to the downtown decline. Accordingly, one SID activity in Montclair is to enhance public safety and thus hospitality. Montclair Center offers assistance with the code enforcement, cooperates with the municipality’s police department for effective patrols in downtown areas, and it also liaises between the downtown business community and the township government departments. Visitors new to the region would be provided help and business owners that making evening back deposit from their vehicles in downtown BID district would be escorted by the guards (Montclair Center Annual Report, 2010).

Transit Village Designation

In June 2010, the Montclair BID was officially designated as New Jersey’s 21st Transit Village community. This Transit Village program is sponsored by the state’s department of transportation. It recognizes communities which employ practices and govern by principles which encourage amenities for pedestrians and cyclists and a denser development within a half mile radius of a transit hub. The Montclair Transit Village Program focuses on building an environment that is more pedestrian friendly with calmed traffic, and promoting public transportation methods other than motor vehicles. The designated area in Montclair surrounds the Bay Street Train Station and encompasses the region surrounding it west to about north Willow Street, where the headquarters of the BID is located. This designation qualifies Montclair to receive funds direct through NJDOT (Montclair Center Annual Report, 2010).

In the fall of 2010, Montclair received a \$200,000 grant as part of this program. This funding will go towards replacing all the Bloomfield Avenue street signs and adding “way-finding” signs that director visitors to points of interest downtown; for example, parks, theaters, and restaurants. The plan for the funding is currently complete and ready to begin. The project is due to be bid out to contractors and begun in the spring of 2012.



Montclair Transit Village Boundary
Source:
[http://www.monclairnjsa.org/dmdocuments/
Transit-Village-Redevelopment](http://www.monclairnjsa.org/dmdocuments/Transit-Village-Redevelopment)

Vacancy Committee

In early 2010, Montclair Center witnessed a rising retail vacancy rate. In response to this, the BID created its Vacancy Committee to help breathe new life into the vacant storefront. The BID designed and initiated a series of oversized promotional banners, helping to market the inventory of available ground floor spaces. Attractive graphics and relevant contact information were added to the banners, catching sufficient attention. By the end of 2010, since the arrival of the committee, the downtown vacancy rate plummeted from over 12% to 8.5% by December. What's more, working along with the Arts Council, Montclair BID's Vacancy Committee has successfully placed the works of local artists into some of the downtown's more prominent vacant windows. Those art displays popped up on the street and provided attention to people. (Montclair Center Annual Report, 2010) As of September 2011, the downtown vacancy rate stands at 10.4%, slightly lower than the number of New Brunswick. For comparison's sake, it can be helpful to look at the vacancy rates of commercial centers nearby, especially the kind that are not downtowns. Shopping corridors on highways are often places that capture business from commercial downtowns. The Route 17 commercial corridor had a vacancy rate of 7.4% in 2011, 3% lower than downtown Montclair (NJ Vacancy Survey, 2011). However, the Route 10 commercial corridor had a vacancy rate of just over 13%, higher than the Montclair downtown (NJ Vacancy Survey, 2011). Both of these routes are located less than 10 miles from Montclair, just a short drive for potential shoppers.

BID BENEFITS

According to the executive director of Montclair Center, Luther Flurry, the BID has had a number of measurable benefits for the community. First and foremost, the streets downtown have been transformed from littered and dirty to clean and well maintained. It is now a much more inviting area for both residents and visitors. This improved area has also expanded further down the Bloomfield Avenue corridor. The downtown core area has overflowed 1 to 3 blocks on either side of the original core area, increasing the footprint of the more trafficked and desirable part of downtown Montclair. In addition to general downtown improvements, Montclair Center's activities and initiatives have helped to bolster the reputation of downtown Montclair's independent restaurant row. Many restaurants in town are now destinations for not only residents, but for people from out of town.

Montclair Center has evolved into the kind of organization that the city council listens to; the BID comments and concerns are viewed as important and valuable. The BID can speak authoritatively on behalf of the businesses in town, and therefore, the people who make the decisions in Montclair hear the voices of the local businesses and can take their words into consideration. Finally, Montclair Center has helped to raise the bar in terms of what is expected in downtown Montclair.

BID FUTURE

Montclair Center has a busy future lying ahead. Its future aspirations range from typical “workmanlike” BIDs to lofty and challenging. The main priority, now and for the ongoing future, is to reduce the downtown vacancy rate. This one effort will ripple throughout the community, improving the downtown in all kinds of ways. Lower vacancy will lead to a more vibrant and diverse merchant makeup, more visitors, and a more stable tax base. Another important future goal for Montclair Center is to increase both the success rate and the sophistication of the merchants downtown.

Montclair Center has a number of goals based on time frame, from short term to long term. In the next 3 to 5 years, the BID hopes to work to ensure that the Gateway Redevelopment Project becomes a major success. This project is located at the western end of Bloomfield Avenue and will include development based on Smart Growth and mixed-use concepts. In the next 5 to 10 years, Montclair Center will strive to make the eastern end of Bloomfield Avenue as successful as the center core, continuing the current trend of downtown core expansion. As for



Montclair Center Gateway Project, Phase 1, highlighted in yellow

Source:

<http://www.baristanet.com/2011/02/redevelopment-plans-fpr-montclairs-vacant-dch-prop/>

the long term, in the next 10 years and beyond, the BID hopes to make the Montclair commercial district a more significant part of the local economy. The hope is that by doing this, the commercial district will comprise more of the tax base and there will be some relief on residential property taxes for Montclair residents.

APPENDIX

Appendix 1 – Population, Age, Race, and Ethnicity Profiles, 2010 and 2000

2010	Montclair	New Brunswick	Essex County	Middlesex County	New Jersey
Total Population	37,669	55,181	783,969	809,858	8,791,894
Median Age	39.9	23.3	36.4	37.2	39.0
% Age 65+	6.9	5.2	11.5	12.3	13.5
% White	62.2	45.4	42.6	58.6	68.6
% Black	27.2	16.0	40.9	9.7	13.7
% Amer Indian/Alaskan	0.2	0.9	0.4	0.3	0.3
% Asian	3.8	7.6	4.6	21.4	8.3
% other	2.2	25.6	8.4	7.0	6.4
% two or more	4.5	4.4	3.2	3.0	2.7
% Hispanic (any race)	7.5	49.9	20.3	18.4	17.7
2000	Montclair	New Brunswick	Essex County	Middlesex County	New Jersey
Total Population	38,977	48,573	793,633	750,162	8,414,350
Median Age	37.5	23.6	34.7	35.7	36.7
% Age 65+	12.0	6.5	11.9	5.0	13.2
% White	59.7	48.8	44.5	68.4	72.6
% Black	32.1	23.0	41.2	9.1	13.5
% Amer Indian/Alaskan	0.1	0.5	0.2	0.2	0.2
% Asian	3.1	5.3	3.7	13.9	5.7
% other	1.8	18.1	6.9	5.7	5.6
% two or more	3.0	4.2	3.4	2.6	2.4
% Hispanic (any race)	5.1	39.0	15.4	13.6	13.3

(US Decennial Census, 2010, 2000)

Appendix 2 – Economic and Housing Profiles, 2010 and 2000

2010	Montclair	New Brunswick	Essex County	Middlesex County	New Jersey
Median Household Income (2009)	\$ 91,996.00	\$ 45,194.00	\$ 54,086.00	\$ 76,049.00	\$ 69,240.00
% People Below Poverty Level (2009)	7.0	25.6	14.5	7.6	8.8
Median Property Value (2009)	\$625,000.00	\$ 299,600.00	\$400,900.00	\$ 358,300.00	\$361,100.00
Housing Units	15,911	15,053	312,954	294,800	3,553,562
% Occupied Housing Units	94.8	93.8	90.7	95.4	90.5
% Vacant Housing Units	5.2	6.2	9.3	4.6	10
% Owner Occupied	57.0	23.9	45.2	66.6	65.4
% Renter Occupied	43.0	76.1	54.8	33.4	34.6
% Family Households	62.6	54.9	66.7	72.2	69.3
2000	Montclair	New Brunswick	Essex County	Middlesex County	New Jersey
Median Household Income (2007)	\$ 92,988.00	\$ 46,766.00	\$ 53,351.00	\$ 74,732.00	\$ 66,509.00
% People Below Poverty Level (2009)	5.8	24.2	14.1	7.3	6.5
Median Property Value (2007)	\$599,300.00	\$ 294,800.00	\$401,700.00	\$ 356,800.00	\$358,400.00
Housing Units	15,531	13,893	301,011	273,637	3,310,275
% Occupied Housing Units	96.7	94.0	94.3	97.1	92.6
% Vacant Housing Units	3.3	6.0	5.7	2.9	7.4
% Owner Occupied	56.4	26.3	45.6	66.7	65.6
% Renter Occupied	43.6	73.7	54.4	33.3	34.4
% Family Households	64.5	55.2	68.2	71.8	70.3

(US Decennial Census, 2010, 2000; American Community Survey, 2009, 2007)

Appendix 3 – Economic and Industry Profiles, 2002 and 2007

NUMBER OF EMPLOYER ESTABLISHMENTS						
2007 NAICS code	Industry description	Montclair	New Brunswick	Essex County	Middlesex County	New Jersey
21	Mining, quarrying, and oil and gas extraction	0	0	0	0	100
22	Utilities	0	0	0	0	337
23	Construction	0	0	0	0	23,142
31-33	Manufacturing	0	59	914	847	9,250
42	Wholesale trade	0	0	0	0	16,174
44-45	Retail trade	157	135	2892	2,826	34,482
48-49	Transportation and warehousing	0	0	0	0	7,440
51	Information	40	12	340	429	4,092
52	Finance and insurance	0	0	0	0	12,886
53	Real estate and rental and leasing	61	41	947	731	9,618
54	Professional, scientific, and technical services	237	155	2463	4,064	31,141
55	Management of companies and enterprises	0	0	0	0	1,438
56	Administrative and Support and Waste Mang and Remediation Srvs	42	69	997	1,261	13,948
61	Educational services	25	9	202	230	2,460
62	Health care and social assistance	205	128	2,540	1,970	25,777
71	Arts, entertainment, and recreation	49	11	285	223	3,543
72	Accommodation and food services	128	152	1,514	1,614	19,526
81	Other services (except public administration)	119	94	1,720	1,581	19,047
2002 NAICS code						
2002 NAICS code	Industry description	Montclair	New Brunswick	Essex County	Middlesex County	New Jersey
21	Mining	0	0	0	0	110
22	Utilities	0	0	0	0	271
23	Construction	0	0	0	0	23,612
31-33	Manufacturing	0	70	1090	908	10,656
42	Wholesale trade	52	71	1358	1813	16,803
44-45	Retail trade	155	129	2909	2701	34,741
48-49	Transportation & warehousing	0	0	0	0	7,187
51	Information	32	15	339	388	4,019
52	Finance & insurance	0	0	0	0	11,921
53	Real estate & rental & leasing	57	39	987	649	8,759
54	Professional, scientific, & technical services	257	160	2596	3815	31,531
55	Management of companies & enterprises	0	0	0	0	1,481
56	Administrative & support & waste management & remediation service	53	69	939	1,102	12,917
61	Educational services	15	10	149	184	1,948
62	Health care & social assistance	180	124	2,462	1,737	23,504
71	Arts, entertainment, & recreation	32	7	237	186	3,179
72	Accommodation & food services	117	131	1,460	1,374	17,537
81	Other services (except public administration)	124	93	1,681	1,569	18,332

(US Economic Census, 2007, 2002)

ANNUAL PAYROLL (\$1,000)						
2007 NAICS code	Industry description	Montclair	New Brunswick	Essex County	Middlesex County	New Jersey
21	Mining, quarrying, and oil and gas extraction	0	0	0	0	87,628
22	Utilities	0	0	0	0	1,727,813
23	Construction	0	0	0	0	9,643,344
31-33	Manufacturing	0	80,959	1,472,530	1,840,374	16,399,320
42	Wholesale trade	0	0	0	0	18,714,218
44-45	Retail trade	37,818	20,253	764,798	1,048,464	12,049,975
48-49	Transportation and warehousing	0	0	0	0	7,535,977
51	Information	12,160	17,036	947,432	955,448	8,949,739
52	Finance and insurance	0	0	0	0	18,545,345
53	Real estate and rental and leasing	9,632	8,896	243,766	316,647	2,939,072
54	Professional, scientific, and technical services	48,719	88,765	2,146,419	3,432,354	23,765,263
55	Management of companies and enterprises	0	0	0	0	14,683,776
56	Administrative and Support and Waste Mang and Remediation Svcs	12,970	82,589	565,057	1,926,873	9,547,701
61	Educational services	3,810	n/a	41,275	n/a	746,585
62	Health care and social assistance	114,908	497,688	2,599,327	1,742,433	21,313,567
71	Arts, entertainment, and recreation	13,436	4,627	210,766	63,693	1,272,518
72	Accommodation and food services	16,956	36,102	357,112	337,502	5,232,353
81	Other services (except public administration)	16,685	23,851	340,978	354,122	3,003,076
2002 NAICS code	Industry description	Montclair	New Brunswick	Essex County	Middlesex County	New Jersey
21	Mining	0	0	0	0	82,671
22	Utilities	0	0	0	0	1,259,286
23	Construction	0	0	0	0	8,262,952
31-33	Manufacturing	0	96,022	1,375,379	1,963,485	15,877,239
42	Wholesale trade	n/a	40,246	1,073,914	2,145,631	14,428,836
44-45	Retail trade	36,029	15,505	669,335	856,129	9,856,227
48-49	Transportation & warehousing	0	0	0	0	5,742,202
51	Information	8,268	14,858	583,580	876,451	7,817,047
52	Finance & insurance	0	0	0	0	13,633,456
53	Real estate & rental & leasing	7,976	6,695	260,220	193,589	2,042,345
54	Professional, scientific, & technical services	n/a	52,207	1,590,747	2,401,137	16,826,945
55	Management of companies & enterprises	0	0	0	0	10,890,955
56	Administrative & support & waste management & remediation service	10,651	76,874	603,472	1,119,676	7,911,250
61	Educational services	2,657	n/a	25,066	27,778	501,878
62	Health care & social assistance	128,544	360,428	2,128,366	1,248,587	16,245,011
71	Arts, entertainment, & recreation	8,830	4,199	104,152	49,284	1,083,432
72	Accommodation & food services	13,031	27,334	279,464	262,450	4,335,892
81	Other services (except public administration)	15,263	14,738	289,228	285,824	2,721,941

(US Economic Census, 2007, 2002)

NUMBER OF EMPLOYEES						
2007 NAICS code	Industry description	Montclair	New Brunswick	Essex County	Middlesex County	New Jersey
21	Mining, quarrying, and oil and gas extraction	0	0	0	0	1,890
22	Utilities	0	0	0	0	18,334
23	Construction	0	0	0	0	180,251
31-33	Manufacturing	0	1,726	27,302	36,047	310,606
42	Wholesale trade	0	0	0	0	283,501
44-45	Retail trade	1,520	958	30,136	40,815	460,843
48-49	Transportation and warehousing	0	0	0	0	181,595
51	Information	254	376	17,795	11,187	134,356
52	Finance and insurance	0	0	0	0	213,509
53	Real estate and rental and leasing	241	201	5,988	6,267	64,021
54	Professional, scientific, and technical services	809	1,221	27,879	45,704	331,838
55	Management of companies and enterprises	0	0	0	0	129,721
56	Administrative and Support and Waste Mang and Remediation Svcs	544	4,313	20,548	64,461	306,124
61	Educational services	213	n/a	1,866	n/a	26,082
62	Health care and social assistance	3,169	9,083	56,955	39,959	503,370
71	Arts, entertainment, and recreation	662	205	5,263	3,978	51,054
72	Accommodation and food services	1,195	1,992	19,727	21,554	291,327
81	Other services (except public administration)	531	852	10,832	10,420	105,659
2002 NAICS code	Industry description	Montclair	New Brunswick	Essex County	Middlesex County	New Jersey
21	Mining	0	0	0	0	1,915
22	Utilities	0	0	0	0	21,241
23	Construction	0	0	0	0	210,620
31-33	Manufacturing	0	2,239	32,794	46,656	369,811
42	Wholesale trade	n/a	962	19,929	39,805	273,837
44-45	Retail trade	1,645	898	29,305	38,610	434,574
48-49	Transportation & warehousing	0	0	0	0	161,594
51	Information	201	469	10,049	13,837	127,980
52	Finance & insurance	0	0	0	0	222,413
53	Real estate & rental & leasing	211	243	8,299	4,875	57,682
54	Professional, scientific, & technical services	n/a	1,031	29,112	37,929	287,357
55	Management of companies & enterprises	0	0	0	0	132,821
56	Administrative & support & waste management & remediation service	569	8,442	23,935	56,798	319,800
61	Educational services	106	n/a	1,161	1,363	19,132
62	Health care & social assistance	3,160	8,142	54,068	33,486	449,412
71	Arts, entertainment, & recreation	706	298	4,532	3,370	43,872
72	Accommodation & food services	964	1,884	18,600	19,654	268,992
81	Other services (except public administration)	751	674	10,541	9,794	106,041

(US Economic Census, 2007, 2002)

Appendix 4 – Retail Trade Industry Profiles, 2007 and 2002

MONTCLAIR					
2007 NAICS code	Retail - Industry description	Number of employer establishments	Annual sales/business done (\$1,000)	Annual payroll (\$1,000)	Number of paid employees
441	Motor vehicle and parts dealers	8	n/a	n/a	n/a
442	Furniture and home furnishings stores	14	9,496	1,098	74
443	Electronics and appliance stores	6	8,808	1,296	33
444	Building material and garden equipment and supplies dealers	8	5,980	841	30
445	Food and beverage stores	27	102,188	13,833	586
446	Health and personal care stores	11	48,126	5,209	190
447	Gasoline stations	7	9,770	207	20
448	Clothing and clothing accessories stores	34	29,065	3,992	213
451	Sporting goods, hobby, book, and music stores	14	18,550	1,875	101
453	Miscellaneous store retailers	18	6,343	1,501	82
454	Nonstore retailers	10	n/a	n/a	n/a
NEW BRUNSWICK					
2007 NAICS code	Retail - Industry description	Number of employer establishments	Annual sales/business done (\$1,000)	Annual payroll (\$1,000)	Number of paid employees
441	Motor vehicle and parts dealers	11	15,959	1,666	73
442	Furniture and home furnishings stores	6	6,627	904	31
443	Electronics and appliance stores	5	3,621	395	16
444	Building material and garden equipment and supplies dealers	3	n/a	n/a	n/a
445	Food and beverage stores	43	33,136	2,912	168
446	Health and personal care stores	11	35,701	3,839	137
447	Gasoline stations	5	24,615	952	40
448	Clothing and clothing accessories stores	25	15,751	2,489	119
451	Sporting goods, hobby, book, and music stores	8	20,704	2,304	132
452	General merchandise stores	4	n/a	n/a	n/a
453	Miscellaneous store retailers	10	n/a	n/a	n/a
454	Nonstore retailers	4	n/a	n/a	n/a

(US Economic Census, 2007)

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New Brunswick City Market SID

A Case Study Comparison of Bloomfield SID and Bloomfield Center Alliance

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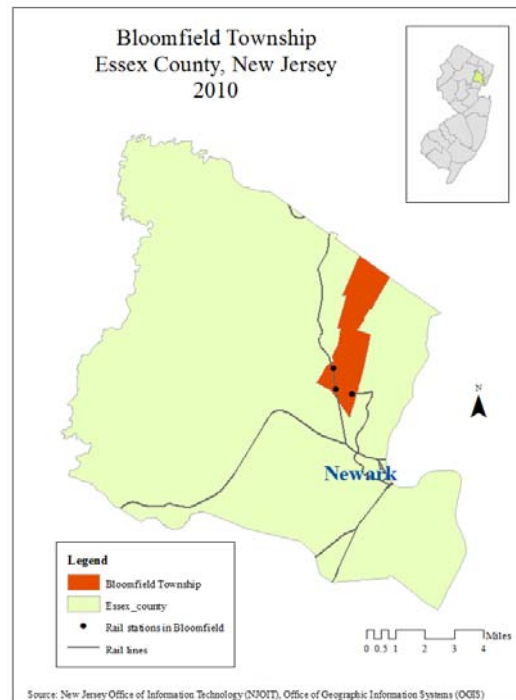
BLOOMFIELD, NJ: A CASE STUDY

OVERVIEW

Geography and Transportation

Bloomfield Township is located in Essex County, New Jersey, which is the northern section of the state of New Jersey, near New York City. Within Essex county Bloomfield township is to the east of Montclair Township and about 7 miles northwest of downtown Newark. Paterson is about 8.5 miles to the north and downtown Manhattan is 14 miles to the east. NJ Transit's Montclair-Boonton Line provides access to both downtown Newark and New York Penn Station, with two stops in Bloomfield, one at Bloomfield Avenue (located in Bloomfield Center) and the other on Watsessing Avenue. The Newark City Subway also has a station at the southern end of Bloomfield at Grove Street. The Garden State Parkway runs the length of the municipality north-south with several exits and connects to I-280 and NJ-3 giving car access to New York City (Figure 1).

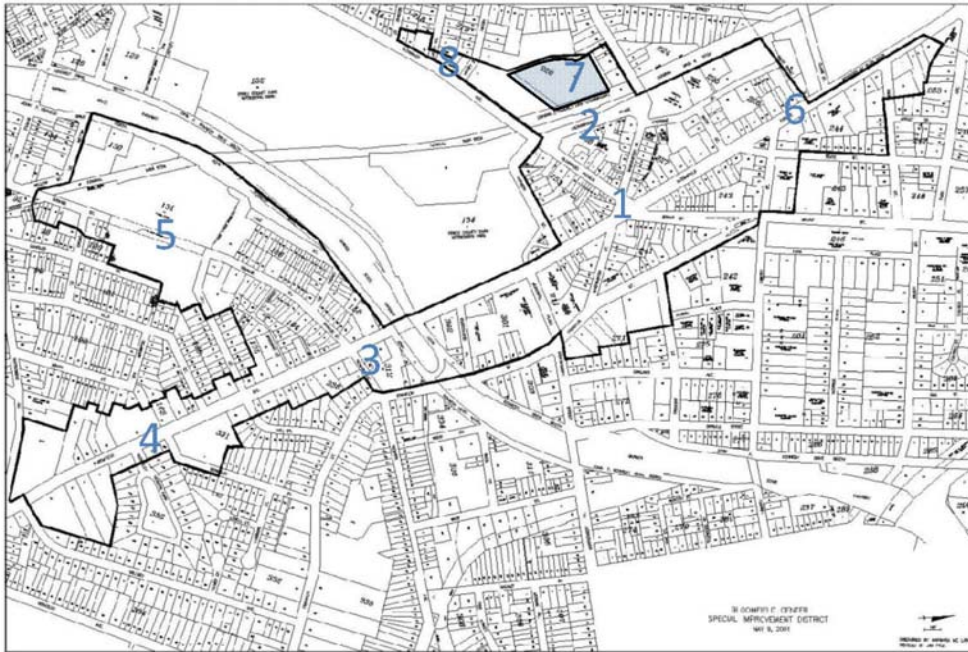
Figure 1. Map of Bloomfield, NJ



At the southern end of Bloomfield Township, the Bloomfield Special Improvement District (SID) spans a 1.2 mile stretch of Bloomfield Avenue, a major commercial corridor which leads into downtown Newark. The SID area is very diverse and consists of a mix of former and current industrial land uses, several automobile related retailers and a large, walkable downtown area called Six Points, located adjacent to Bloomfield Station. Currently, Six Points [1] is a well maintained downtown area, with a very diverse range of small businesses occupying mostly one-to-three story structures which create a downtown area of more than six blocks (Figure 2). This area has been selected for redevelopment due to proximity to Bloomfield Station

[2] which offers express rail service to midtown Manhattan via New Jersey Transit. To the south on Bloomfield Avenue, the SID includes two car dealerships, a car tire retailer [3], and a handful of small businesses and apartments [4], as well as a Home Depot [5] (on Orange Street). In addition, the SID area encompasses a large number of parcels along Bloomfield Avenue north of Six Points as well as parcels immediately south of Bloomfield Station. The parcels north of Six Points form a less densely built extension of the Six Points downtown area and host a wide variety of commercial establishments [6] (a trophy maker, architects, Starbucks Coffee), while the parcels immediately south of Bloomfield Station include a large industrial site [7] and several smaller commercial uses, including a Dunkin Donuts [8]. Thus, the SID area is diverse in terms of the type and scale of commercial establishments as well as building patterns, and includes a walkable downtown as well as automobile-dependent businesses, such as Home Depot and car dealerships.

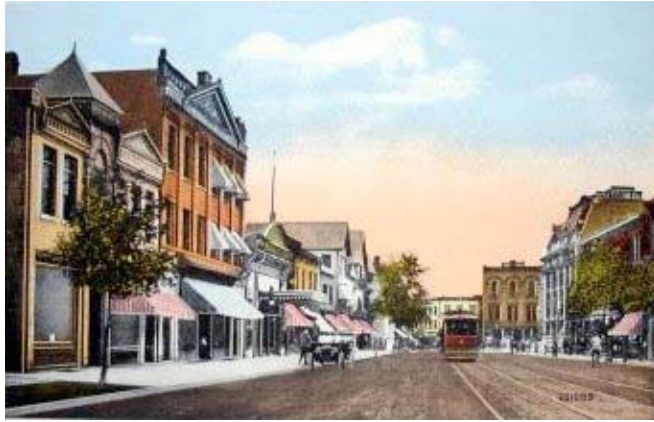
Figure 2: The Special Assessment District Map



Source: Bloomfield Center Alliance

History

Bloomfield was originally a rural outskirts of Newark. In 1812, it split off from Newark and incorporated as Bloomfield Township, taking its name from a local Presbyterian parish named for General Joseph Bloomfield. Bloomfield was originally 20.52 square miles and continued to be largely rural and undeveloped. By 1900, several villages had split off and were incorporated into present day Belleville, Montclair, Glen Ridge, and the now defunct Woodside. At 5.4 square miles, present day Bloomfield is the central remnant of the area, with Bloomfield Center as its historical downtown (“History of Bloomfield,” n.d.).



Historic Bloomfield

During the mid-19th century, Bloomfield experienced rapid population growth due to its proximity and accessibility to Newark, New York City and other business districts in the region. Construction of the Pompton Turnpike (present day Bloomfield Avenue) in 1812 and the Morris Canal in 1831 both contributed to Bloomfield's early growth as an industrial community. Between 1820 and 1920, Bloomfield's population blossomed from 3,085 residents to 22,019. Bloomfield Center served as a base for local needs and became a commercial and employment hub with taverns, public services, factories, merchants and craftsmen. World Wars I and II brought more industry to the region, and the population surged again, more than doubling in size to 49,313 residents by 1950. Bloomfield concentrated its housing development during the post-war period on building garden and high rise apartments to accommodate the growing population. Bloomfield has been largely built out, leading to a lack of significant population growth since 1950 ("A Brief History of Bloomfield," n.d.).

Despite its history as a thriving economic center, its ideal location and accessibility to highways, rail and bus service, Bloomfield has shared the same fate as many mid-size cities throughout the Northeast. The departure of industry and the pervasiveness of car ownership, highway usage and the shopping mall have all contributed to the deterioration of Bloomfield Center's commercial strength and vitality as fewer residents rely on local business and retail services for daily needs.

Demographics of Bloomfield and New Brunswick

With a population of 47,315 in 2010, Bloomfield's total population has declined by 0.7% since 2000 (Table 1). This is consistent with a general trend of population decline in Essex County, which declined 1.2% during the same time period. However, it compares unfavorably with trends for the state as a whole, as well as the New Brunswick region. New Jersey grew by 4.6% between 2000 and 2010, and Middlesex County grew by 7.4%. New Brunswick itself grew significantly, by 13.6% to a total of 55,181 in 2010. As of 2000, Bloomfield and New Brunswick were within 1,000 residents of each other, but New Brunswick has grown at a fast rate, and has also become denser, at 9,514 and 8,927.4 residents per square mile, respectively (US Census, 2000 and 2010).

In terms of age distribution, New Brunswick has a significantly younger population than Bloomfield, with the median age being 23.3, compared to 37.7 in Bloomfield. Forty-two percent of New Brunswick residents are between the age of 20 and 35, compared to Bloomfield, where

only 22.2% of its residents fall within this range. In contrast, Bloomfield has an older population (US Census, 2010). Nearly 37% of its residents are between 35 and 59, and 17.5% are 60 or older, compared to New Brunswick at 21 and 7.3%, respectively. In general New Brunswick's age demographics stand out as considerably younger than Middlesex County and New Jersey as a whole, whereas Bloomfield's age demographics are more comparable to Essex County and New Jersey. New Brunswick's student population is a significant population sector, and it is likely that the younger immigrant community contributes to New Brunswick's 'youth', while Bloomfield has as a somewhat 'older' community.

Bloomfield has a considerably larger White population and smaller Black population than the rest of Essex County, but is more analogous to New Jersey's racial demographic profile (Table 1). However, between 2000 and 2010 there was a sizable increase in Bloomfield's Black population from 11.7% to 18.5%. In contrast, New Brunswick has a much smaller White population than Middlesex County, with Whites making up 45.4% of the population. New Brunswick also has a large and rapidly increasing Hispanic population, which grew 10% between 2000 and 2010 to 49.9%. Although Hispanics only account for 23.5% of Bloomfield's population, it still surpasses both the Essex County and New Jersey proportion (US Census, 2000 and 2010).

Bloomfield has a larger foreign born population (22.7%) than the state, but at 35%, New Brunswick is a very "international place" that reflects its burgeoning Hispanic population (US Census, 2010). In addition, nearly 45% of New Brunswick households speak Spanish at home, whereas Bloomfield's language demographics line comport with state and county averages (American Community Survey, 2009).

Both New Brunswick and Bloomfield have relatively transitional households compared to the rest of New Jersey. Only 23.9% of New Brunswick residents and 54% of Bloomfield residents live in owner-occupied households, compared to the state (65.4%). However, Bloomfield has higher rates of owner-occupied households than Essex County as a whole (45.2%). In New Brunswick 45.1% of households are classified as non-family, reflecting its large student and immigrant populations, whereas only 36% of Bloomfield households are non-family. These statistics suggest that Bloomfield's population is more stable and more likely to live in traditional family households than the residents in New Brunswick (US Census, 2010).

Table 1. Selected Population Characteristics for Bloomfield, New Brunswick, Counties & New Jersey

	Bloomfield	Essex County	New Brunswick	Middlesex County	New Jersey
Total Population	47,315	783,969	55,181	809,858	8,801,624
% Population Change (2000 – 2010)	-0.7	-1.2	13.6	7.4	4.6
Population Density (mi ²)	8,927.40	6,228	9,514	2,612	1,185
Median Age	37.7	36.4	23.3	37.2	39
% Foreign-born	22.7	24.7	35.5	30	21
% Spanish Speaking (2009)*	15.8	16.7	43.9	14.2	13.8
Race					
% White	59.6	42.6	45.4	58.6	68.6
% Black	18.5	40.9	16	9.7	13.7
% Asian	8.2	4.6	7.6	21.4	8.3
Ethnicity					
% Hispanic	24.5	20.3	49.9	18.4	17.7
Income and Housing					
2009 Median Income (\$)*	66,267	52,394	45,645	76,443	67,681
% of People under Poverty Level*	6.8	14.5	25.6	7.6	8.8
% of Housing Owner Occupied	54	45.2	23.9	66.6	65.4
% Non-family Households	36	36.2	45.1	27	30.7

Source: 2010 U.S. Census and *2009 American Community Survey

The personal wealth disparity between Bloomfield and New Brunswick residents further highlights the differences between the two communities. In 2009, the median income of Bloomfield residents was \$66,267, comparable to the state median income (American Community Survey, 2009). In contrast, New Brunswick had a median income of \$45,645 in 2009, which was approximately \$30,000 less than the county median and nearly \$15,000 less than the state median. Moreover, over a quarter of New Brunswick residents reported living under the poverty level in 2009, while only 6.8% of the Bloomfield population lived below the poverty line during the same period (Table 1).

Bloomfield and New Brunswick share similar population numbers and rich histories as trade and industrial centers served well by transit and highway access. However, these demographic and socioeconomic data indicate that the residents of Bloomfield and New Brunswick are quite dissimilar. Any comparisons of the two communities should consider these differences before making decisions regarding the development of special improvement districts (SIDs) in one community based on the other.

Economic Profile of Bloomfield and New Brunswick

Between 1999 and 2009, private sector employment in Bloomfield Township decreased by 7.5% while New Brunswick’s increased by 4.2% during that period (Table 2). In 2009, Bloomfield’s unemployment rate (10.2%) was slightly lower than the county but higher than the state and New Brunswick. According to 2007 Economic Census data, there were 835 business establishments in Bloomfield Township. Retail trades accounted for most of the establishments (18.6%), followed by healthcare and social assistance (17.6%), professional and technical service (15%) and accommodation and food services (10.5%) (Bureau of Labor Statistics, 2009).

Table 2. Business and Industry Facts

	Bloomfield	Essex	New Jersey	New Brunswick	Middlesex
Private sector employment by workplace, 2009	18,742	267,900	3,157,690	20,525	324,786
Private sector employment, percent change 1999-2009	-7.5%	-8.1%	-2.8%	4.2%	-4.9%
Unemployment Rate (%) (2009 annual average)	10.2%	10.5%	9.2%	8.6%	7.9%
Manufacturing Establishments, 2007	40	914	9250	59	847
Health care and social assistance, 2007	\$183,341	\$5,884,676	\$51,913,683	\$1,274,157	\$4,285,752
Retail sales (\$1000), 2007	\$589,167	\$7,750,635	\$124,813,580	\$201,465	\$11,131,032
Retail sales per capita, 2002	\$10,489	\$7,802	\$11,910	\$3,081	\$11,549

Source: US Economic Census 2002 and 2007, US. Bureau Labor 2009

Over the last three economic census periods (i.e., 1997, 2002, 2007), Bloomfield Township has been home to 29% more retail establishments than New Brunswick. Many business establishments in Bloomfield closed between 2002 and 2007, with the largest drop experienced by those in the Building Material and Garden Equipment and Supplies sector (36%). However, a few types of businesses, such as Electronics and Appliance stores and Sporting Goods, Hobby, Book and Music stores, did well during this period, increasing their presence in Bloomfield center by up to 50% (Table 3).

It can also be observed that the leading retail categories by sales volumes in 2007 was food and beverages with \$162 million, followed by Motor vehicle and parts dealers; and building material and garden equipment and supplies dealers, with \$159 million and \$81 million, respectively (Table 3). Construction of the Home Depot in Bloomfield in 2000 likely increased the construction supply as a portion of retail sales and contributed to the declining number of such retailers.

Per capita retail sales, excluding the motor vehicle and parts dealers, in Bloomfield steadily increased at a rate of 28 percent between 2002 and 2007. In addition, Bloomfield Township had significantly higher per capita retail trade sales than New Brunswick in 2007.

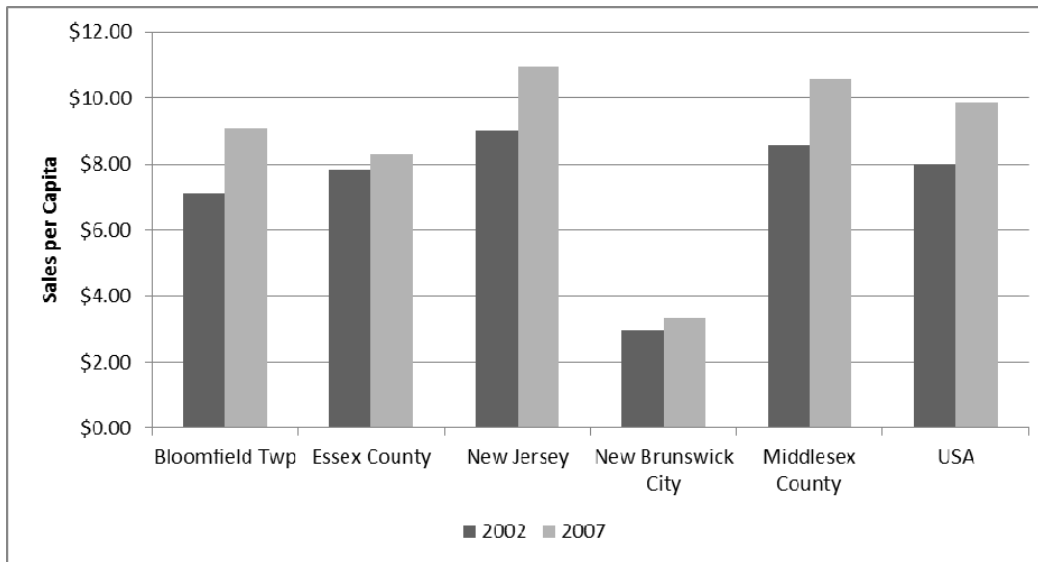
Economic census data in 2007 showed that Bloomfield had higher per capita retail sales than the county by 9.55 percent, respectively. However, these figures were lower than the state and national averages per capita sales by 17.2 percent and 7.9 percent, respectively, in 2007 (US Economic Census, 2002 and 2007). Compared to New Brunswick, Bloomfield per capita retail sales were approximately 155 percent higher throughout 2002-2007 census periods (Figure 3).

Table 3. Number of Establishment and Total Retail Sales in Bloomfield Township (2007)

Description	# of Establishments			Retail Sales (000) in 2007
	1997	2002	2007	
Motor vehicle and parts dealers	9	10	9	\$159,572
Furniture and home furnishings stores	6	5	4	0
Electronics and appliance stores	7	5	7	\$10,501
Building material and garden equipment and supplies	14	11	7	\$80,959
Food and beverage stores	56	47	47	\$162,352
Health and personal care stores	22	19	18	\$48,136
Gasoline stations	20	18	16	\$62,450
Clothing and clothing accessories stores	30	24	20	\$29,090
Sporting goods, hobby, book, and music stores	9	4	6	\$1,847
General merchandise stores	2	3	3	0
Miscellaneous store retailers	12	17	14	\$11,850
Nonstore retailers	4	6	4	0
Total	191	169	155	566,757

Source: US Economic Census 1997, 2002, 2007

Figure 3. Retail Trade Sales per Capita in 2002



Source: US Economic Census 1997, 2002, 2007

Bloomfield Special Improvement District Origins and Goals

In the mid-1990s, a group of merchants in Bloomfield informally organized themselves as the Bloomfield Center Steering Committee to combat the loss of local businesses and foot traffic in their downtown. The Committee eventually formed the Bloomfield Center Alliance (BCA) in 1996, and under the direction of Donald Smartt, a consultant who had helped many New Jersey communities revitalize their withering downtowns, the BCA and the Township began working together to make Bloomfield Center an attractive place for both business and consumers (Newman, 1998). They actively sought residents' concerns about Bloomfield Center and discovered multiple reasons why it was under-utilized: lack of lighting discouraged evening pedestrian traffic, lack of an anchor store to draw people into the district, lack of interest among high school students, inadequate parking and poor signage (Mays, 1999). Within a few years, the BCA and the Township had addressed or at least begun to address each of these issues. They undertook a study of the parking conditions in Bloomfield Center and initiated a holiday lighting and banner program. By 2000, the BCA had recruited businesses into the landmark 2 Broad Street building, matched township spending 2 to 1 with private funding and were successful in getting local media to provide discounted advertising rates. In addition, they expanded the traditional boundaries of Bloomfield Center east across the Garden State Parkway to include two car dealerships and Home Depot (Smartt, 2000).

Following on these successes, the Bloomfield SID was created by local ordinance in June 2001 and included a total of 234 commercial properties. The BCA formally incorporated as a 501(C)3 and was authorized to manage the SID in 2001. The BCA is governed by a 13-member Board of Trustees comprised of property and business owners, residents, and representatives of the Bloomfield College, the Township of Bloomfield and Watsessing Heights Neighborhood

Association . The BCA's regular funding comes primarily from the special assessment established in 2001, which amounts to 6% of the total property tax of most parcels in the SID. ("Bloomfield Center Alliance," n.d.).

Stuart Koperweis, BCA's current Executive Director, was hired by the Board in January 2004, and Doreen Sarcone, Deputy Director, joined the staff in April 2006. In addition to organizing BCA's programs and managing the day-to-day responsibilities of the SID, the BCA attends a variety of meetings including those held by the Township Mayor and Council, the Bloomfield Parking Authority, the Redevelopment Committee, and the Watsessing Heights Neighborhood Association ("Bloomfield Center Alliance," n.d.). Together with input from the BCA Board and the Bloomfield community, the BCA continues to work towards goals that the BCA hopes will lead to a brighter future for downtown Bloomfield.

According to Sarcone, the BCA's ongoing mission is to reclaim the historic Main Street roots that have been lost over the past few decades; wresting control back from both the internet and big box retailers and returning it to the downtown. The idea that people can both live and work in Bloomfield and meet most of their daily needs is a cyclical process of growth and transformation. The BCA believes that new businesses will help attract more residents and visitors to Bloomfield Center, while building housing downtown will help grow and attract businesses, creating a virtuous cycle. Furthermore, Sarcone wants to get people out of their cars and walking around Bloomfield Center. People will see, patronize, and purchase more from the sidewalk than they ever would driving by at 35 to 40 mph.

Another key objective of the BCA is to maintain a safe, clean, aesthetically pleasing downtown. In addition to applying for façade and streetscape grants, BCA established a "Clean Team," which supplements the efforts of individual SID businesses to maintain a clean and pleasant shopping district ("Bloomfield Center Alliance," n.d.). The BCA Clean Team also ensures that public transit stations and gateways to the downtown are well maintained. These are the most visible access points and, therefore, should present an image of cleanliness and safety.

Aside from reclaiming its Main Street roots and maintaining a clean downtown atmosphere, Sarcone states that the most important goal for the SID is to educate the public about the economics behind a healthy and successful Main Street. Although one might save an extra \$100 shopping online or at a big box store, money spent in Bloomfield Center will return to the individual and the community in numerous ways. For example, by shopping at local stores or eating at local restaurants, one is helping drive the need for more part-time jobs and in turn new residents.

As a result of Bloomfield's downtown redevelopment plans finally beginning to move forward in 2010, following several years of delay, the BCA's focus has started to shift from urban stewardship to include deeper engagement in downtown redevelopment. Redevelopment plans in downtown Bloomfield were stalled for several years by lawsuits, including a successful challenge to condemnation a large industrial parcel, 110 Washington Street, which abuts Bloomfield Station's south side. The first stage of redevelopment to move forward is the redevelopment of block 228 which sits immediately between Bloomfield Station and Six Points and is bounded by Lackawanna Place, Glenwood Avenue, and Washington Street. In 2010 all 17 parcels on block 228 were purchased by the Bloomfield Parking Authority for redevelopment in cooperation with Bloomfield Urban Renewal. As a stakeholder in redevelopment, the BCA was initially to finance a portion of streetscape improvements associated with the redevelopment with a ten year bond issue. However, in the past few months the BCA's role substantially increased to include selection and management of design consultants for the streetscape enhancements and

management one million dollars in Township funding for the streetscape improvement planning and implementation. This, combined with the Alliance's involvement in sign permitting downtown, reflects the degree to which the BCA is engaged directly in multiple aspects of planning which extend beyond a 'service provider' model common among many business improvement districts.

Bloomfield Center Alliance Programming

Since its inception, Bloomfield Center Alliance has worked with Bloomfield Township and BID business and property owners to implement improvement programs aimed at upgrading the quality of Bloomfield Center. The following programs have been initiated and supported by BCA in an effort to transform the SID into a pedestrian friendly shopping and recreation destination ("Bloomfield Center Alliance," n.d.).

Physical improvements and Maintenance

Signage and Awning Improvements

In order to improve the appearance of the streetscape, businesses located are encouraged to apply to BCA for a grant to improve store front signs and awnings. Applications are reviewed by BCA and designs must meet Bloomfield Township's zoning requirements and be approved the BCA design time. This is a matching Community Development Block Grant program, in which businesses are reimbursed upon completion of milestones outlined in the contract. Funding for this program has been put on hold due to Bloomfield Redevelopment.

Clean Team

Business and property owners in the district are responsible for basic sidewalk maintenance, which includes sweeping in front of their property 3 times a day at opening, mid-day and closing. In addition, the BCA Clean Team works throughout the day to keep the pedestrian corridors clean. The Clean Team is responsible for leaf pick-up, snow removal and keeping the streets free of posters, flyers and illegal signage. During a BCA sponsored event like Harvest Fest or the Farmer's Market, the Clean Team also assists with setting up and breaking down the event. The Clean Team is the most expensive service BCA provides. BCA has budgeted nearly \$85,000 for cleaning services and supplies alone for 2011.

Beautification

Previously fund by a Transit Village Grant, the BCA continues to spruce up Bloomfield Center and to draw attention to pedestrian walkways by adding planters to the train station and planting flowers (Perennials) around the train station and on the corners of the medians along Broad, Liberty and Franklin Streets. BCA has budgeted \$6,000 for beautification in 2011.

Business Promotion/Marketing

BCA uses several strategies to advertise and promote the SID. The BCA website provides information regarding all SID-related programs, events and administrative functions, as well as a SID-business directory, to all that lists all participating SID businesses and property owners. The website also lists all vacancies within the SID with contact information for interested investors. Bloomfield Center Alliance works with retailers and local media like Bloomfield Patch, Independent Press and Barista.net, to promote the SID and BCA events. It has also sought out sponsorship and grants from Bloomfield College and corporations like Shop Rite, Investors, Provident and Comcast to supplement BCA events.

BCA dedicates a large portion of its budget toward year-long holiday decoration (e.g., Fourth of July banners, holiday lights), its special events and activities. The following are the most successful seasonal events.

Cruise Nights

Every Wednesday evening during the summer, dozens of classic cars stroll onto Broad St and Bloomfield Ave. Proud car collectors from all over New Jersey showcase their prized possessions while vintage car enthusiasts, families and local merchants enjoy the spectacle and the upbeat 50's music. The event attracts residents and outsiders alike, and the downtown businesses have enjoyed the additional foot traffic. BCA encourages local businesses to get more involved by setting up street stands and extending store hours. In 2010, *Cruise Nights* attracted an on-site marketing venture with Breyers Yogurt ("BCA 2010 Year End Report," 2011).

Harvest Fest

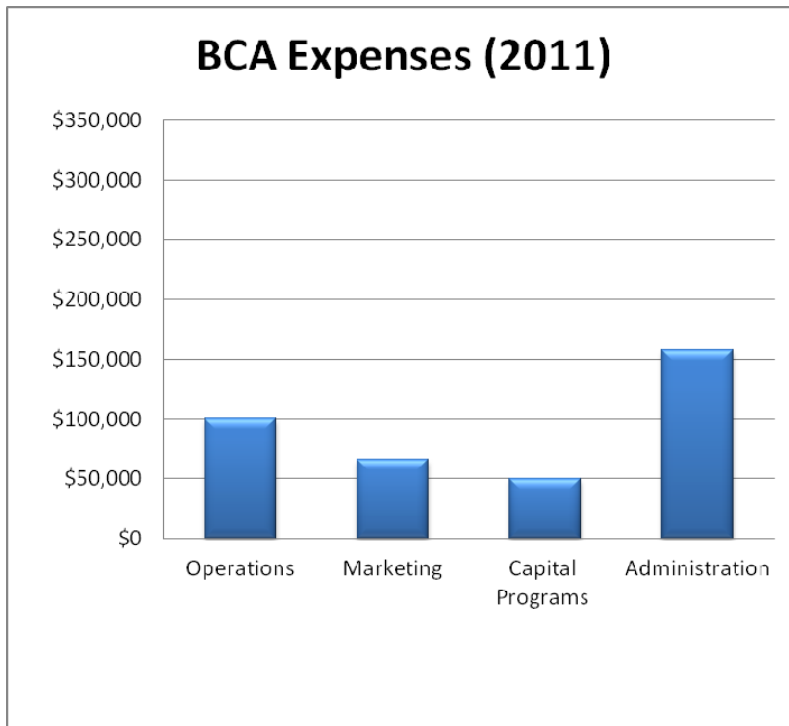
Harvest Fest, which is organized by BCA and co-sponsored by several local businesses, is a 2-day festival that features local bands, participation from various civic and community groups, local and specialty vendors, and kid-friendly activities. Harvest Fest began 19 years ago by then-Mayor James Norton to encourage residents to shop local and invest in the Bloomfield economy and has turned into an increasingly popular event. BCA estimates that over 40,000 people attended this year's fair. Despite its success, Harvest Fest has had several financial setbacks. Bloomfield Township stopped providing financial assistance for the event several years ago, and as a result Harvest Fest yielded a nearly \$14,500 loss in 2009 and 2010 due to the lack of Township support. The event has had to seek sponsorships from corporations like Comcast to continue holding the event.

Farmer's Market and Midday Music at Venner Park

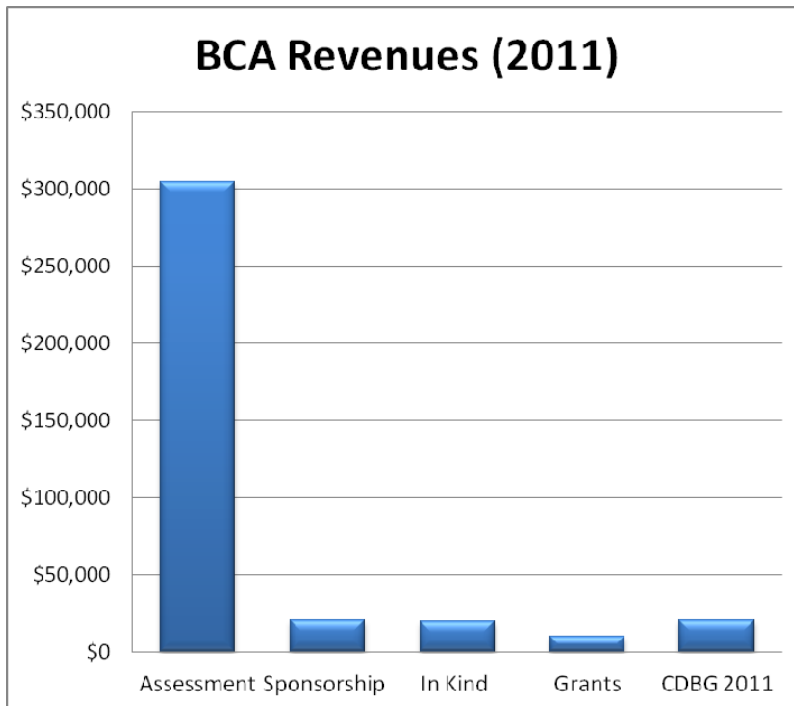
BCA worked with farmers and vendors throughout New Jersey to bring a farmer's market to Bloomfield's Venner Park, located near the SID. Initially, Bloomfield had to compete with the success of neighboring Montclair's larger and well-trafficked market but has found loyal vendors like Milltown-based Asprocolas Acres and returning customers. In 2010, BCA introduced Midday Music to the Farmer's Market to boost attendance. BCA coordinated with the parking authority for free parking at the Bloomfield Public Library.

BCA FINANCES AND SPECIAL ASSESSMENT

In January 2011, the International Downtown Association stated that among SIDs that responded to the national SID survey, the median SID budget was \$342,000 per year and the median population of cities hosting SIDs was 102,804 (Becker, Grossman and Dos Santos, 2011). With a 2011 budget of \$373,533 the Bloomfield Center Alliance (BCA) has higher funding than the majority of SID respondents but serves a community approximately half as large as the national median. This doesn't, however, imply that the BCA is somehow "overfunded" since SIDs vary widely in the types of services they provide. By national standards, the BCA appears relatively well funded.



Similar to SIDs nationally, the main source of BCA funding is the assessment, which accounts for 81% of its 2011 revenues (\$300,000), while sponsorships, grants, Community Development Block Grant Funding and in-kind contributions account for the remaining 19% (\$39,000). The 2001 ordinance establishing the Bloomfield SID required the SID levy amount be approved annually by the Township Council and that the BCA's role as management entity be renewed every five years. In 2006 a new SID ordinance made the BCA the permanent management entity but continued the annual authorizing procedures. This assessment procedure puts the BCA largely in line with the national trend that the majority of SIDs either set their own assessment levy or recommended the levy amount to a municipal body (Becker, Grossman and Dos Santos, 2011).



According to this procedure, the BCA submits an annual budget request and report outlining how the budget will contribute to the SID’s statutorily defined objectives to the Township Council. After the Council approves the assessment amount by resolution, the SID tax rate is calculated by the Assessor’s office by dividing the approved levy amount by the total assessed value of all SID-taxable parcels. Wholly residential parcels are exempt from the SID assessment. Applying a single tax rate to all SID–taxable parcels based on assessed parcel value is the most common assessment mechanism among New Jersey BIDs and does not differentiate parcels by use, location or linear feet (Becker, Grossman and Dos Santos, 2011).

While this formal approval process provides an opportunity for the council to interfere in SID funding, informally there is general agreement that the levy will equal 6% of the total municipal property taxes collected from each SID-assessed parcel. Because the SID rate is determined after the levy amount is approved, the SID rate varies from year to year. Despite this, tying the SID levy to the municipal tax levy has allowed the total SID levy to steadily increase at approximately a 4% average annual growth rate from 2001 to 2010. This has resulted in modest gains in assessment funding over the SID’s first decade (Table 4). The statutory permanence of the BCA as the SID management entity and general agreement on the special assessment levy formula have resulted in stability for the BCA and modest growth in special assessment revenues.

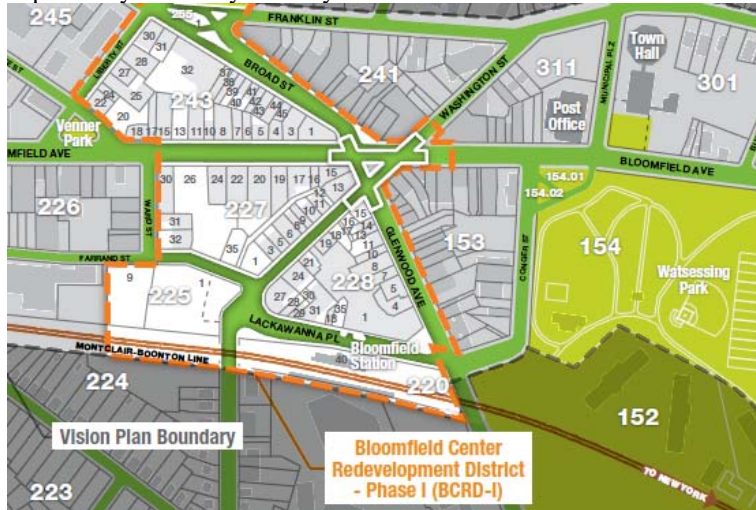
Table 4. Bloomfield SID Special Assessment, 2001 – 2010

Year	Property Tax Rate*	SID Rate	Special Assessment Levy
2001	3.730%	.00219%	\$203,848
2006	5.107%	.00288%	\$241,854
2010	3.077%	.00174%	\$286,827

Source: Bloomfield Township Tax Assessor's Office, Special Assessment District Assessment Rolls
 *Total Rate includes county, municipal, and schools but excludes Special Improvement District

Redevelopment and Land Use in Bloomfield Center

Given that the levy is based on assessed property values (as opposed to linear feet of frontage or some measure of parcel area), the land use composition of the SID district is a key factor affecting the SID levy. The land use composition of the SID relates to the SID area's role within the Newark-New York metropolitan economy. Downtown Bloomfield is not a major regional retail or office destination or a county seat. It is an historic main street with high quality commuter rail service that straddles a major regional arterial (Bloomfield Avenue) at the southern end of a middle-class community, located just outside a rebounding major regional center, Newark, New Jersey. It is located between wealthier Montclair and the large office market of downtown Newark and competes with numerous downtown districts, regional shopping centers, and indoor malls. The Bloomfield SID includes a walkable downtown composed mostly of smaller one to two story structures intermingled with about a dozen larger mixed use structures, but it also contains two car dealerships, a Home Depot store, and a mix of apartments, industrial sites, municipal buildings and parking lots. Thus, the SID area is a mix of diverse land uses, developed and potentially underutilized areas, retail and industry, with no major office tenants. This necessarily implies lower land values than SID districts in center cities, but may compare very favorably to many SIDs based in smaller communities.



Reflecting the evolution of the Center which led to development of the BCA, the two largest individual 2011 SID rate-payers are Home Depot (\$29,000) and BMW of Bloomfield (\$22,600), while 2 Broad Street, the flagship historic building at the heart of the old downtown, ranks a distant third (\$9,900). Despite this, in 2010, prior to demolition of block 228, 47% of the SID's 2010 levy came from the six blocks which form the Six Points intersection even though these six blocks account for only a quarter of the total land area of the SID (Table 5). While individual automobile and building supply establishments are major drivers of retail sales and SID levy revenues, the Six Points area remains the foundation of the SID levy and the downtown district envisioned by Sarcone. Redevelopment of block 228 was described by Koperweis as being intended to increase retail rents, offer more modern buildings which can attract more diverse and upper income tenants, and reverse the problem of under-utilization of the New Jersey Transit station area by adding housing. While redevelopment of Six Points area may require tax abatement, according to Koperweis, the statute which enabled creation of BIDs in New Jersey (N.J.S.A. 40:55-65) allows the Township to continue to assess otherwise tax abated properties for the SID levy. Thus, Koperweis is confident redevelopment will not undermine the tax base of the special assessment.

Comment [DCL1]: Better?

Table 5: SID Assessment Share of Six Points Core (2010)

Block #	Mean Parcel Assessment	SID Levy (Entire Block)	% of SID Levy
Block 153	\$ 1,367,479	\$ 28,116	10%
Block 227	\$ 879,411	\$ 27,542	10%
Block 228*	\$ 275,247	\$ 8,142	3%
Block 241	\$ 719,736	\$ 22,839	8%
Block 243	\$ 612,825	\$ 36,072	13%
Block 311	\$ 502,013	\$ 7,238	3%
Six Points	\$ 685,175	\$ 129,949	47%

*Block 228 currently under municipal ownership.

Bloomfield Center Alliance Impact

BCA is committed to improving the quality of life in Bloomfield Center and has not hesitated to pursue sponsorship opportunities outside the local community and government when necessary to bolster its funding support. The continuation of events like Cruise Nights and Harvest Fest suggests that at the very least, BCA is helping to improve the recreational aspect of downtown life. Success in attracting 60,000 visitors to downtown during the 2010 and 2011 Harvest Fests demonstrates that the BCA can easily build upon the appeal of Bloomfield Center with its programming. However, it is more difficult to elucidate the true impact BCA has had on the business community because the BCA has not developed mechanisms to comprehensively monitor historical trends regarding vacancy rates, rents per square mile, event attendance or event revenue. For instance, the BCA website reports 25 vacant retail spaces, accounting for 10% of all commercial properties within the SID. While there is no time series data on Bloomfield Center's retail vacancy rates, these numbers appear to be higher than vacancy rates

in the major commercial corridors in Northern New Jersey, which rested at 8.1% as of May of this year (Parness & Associates, 2011). Bloomfield's vacant spaces are heavily concentrated around Six Points, Bloomfield Center's landmark intersection. It is not clear whether this reflects long-term difficulty filling retail spaces or the current economy.

CONCLUSION

Originally an informal grassroots effort to improve downtown Bloomfield, the BCA has evolved into a key planning institution shaping the downtown, including playing a major role in implementation of the current redevelopment program. Unlike many SIDs, the BCA is the permanent management entity for the Bloomfield SID. The BCA enjoys a stable special assessment levy of 6% of municipal tax paid by SID assessable parcels, an amount that has probably been increasing faster than inflation. The BCA uses the majority of these funds to implement programs designed to directly attract people into downtown and reinforce the image of downtown Bloomfield as a retail, commercial and now housing destination through marketing, cleaning, and beautification programs and by hosting festivals and events. Importantly, the goal of branding the downtown district as a commercial destination runs throughout these activities. For instance, purchasing uniforms for clean team workers helps identify them as being part of downtown area services, setting the downtown apart from other areas.

Moving beyond these basic services, the BCA has an articulate vision of a new, mixed use downtown that includes new housing, mixed use structures, and land use intensification. This vision dovetails with the Township's redevelopment plans. In 2001 Bloomfield Township established the special assessment district, in 2003 the Township was granted transit village status by New Jersey Transit, and in 2006 the BCA was assigned as the permanent management entity of the SID. On the Township website, planning reports and presentations published from 2007 to 2009 demonstrate a clear intent to change the Center's character from a 'legacy downtown' which reflects more decentralized regional land use patterns to a downtown characterized by transit-oriented development, a mix of commercial and residential uses, and more centralized land use patterns centered around Six Points. Transportation and parking are key redevelopment concerns. While housing is critical to any mixed use downtown, the number and placement of public parking structures has been given more attention in published redevelopment planning documents than questions related to the number and character of planned downtown housing units. Every key component of the broad redevelopment strategy – housing, parking, or commercial development – relates to managing traffic volumes, parking demand, and calming traffic on Bloomfield Avenue, which bisects the entire special improvement district, in order to create a pedestrian friendly environment which can draw residents and visitors. The BCA's involvement in streetscape redesign gives it increasing importance to the downtown's future.

In this context, the Alliance's formal role has evolved from a focus on service provision consisting of beautification, festivals and events, facade improvements, and minor public improvement services to a role that includes planning functions at the heart of the redevelopment of Bloomfield Center. This shift in BCA functions is most clearly evident in the BCA's increasing involvement with the township planning department and other entities involved in

urban planning – a process of attempting to shape how economic and social activities play out in urban space. Thus, the Alliance has transitioned from a grassroots effort to resolve some basic downtown challenges, to a focus on promotions and beautification, to being one of the central players in downtown revitalization. Clearly the BCA is not leading the redevelopment process, but BCA's recent involvement in formal planning includes letting and managing a major contract for streetscape reconstruction as part of the larger redevelopment scheme. Thus, in contrast to its origins as a small informal group, the BCA is now one of several institutions behind the main processes of urban planning in downtown Bloomfield.

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CASE STUDY: PERTH AMBOY BUSINESS IMPROVEMENT DISTRICT

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EXECUTIVE SUMMARY

After reviewing the demographic, economic and social conditions in the City of Perth Amboy, an interview was held with the BID director and manager. From this research and this discussion the following information was discovered:

- Perth Amboy is relatively similar to New Brunswick in social, economic and demographic characteristics of their population compared to the other case study SIDs; however, some key differences that affect the work of the SID include the lack of corporate influence and a university, and Perth Amboy's current debt situation.
- Perth Amboy's BID has a staff of two, consisting of a director and manager, and a board of 14 volunteers that currently has vacancies.
- Unlike New Brunswick's SID, Perth Amboy's BID charges all of its businesses the same rate that is based off their physical size and real estate value regardless of the nature of their business, and have no exemptions.
- Perth Amboy's BID's 2011-2012 budget is \$232,000, funded almost entirely through assessments. The BID is also struggling with the loss of UEZ funding and is seeking help from the municipal government and other funding sources.
- Most of the BID's future plans include improve marketing of both their businesses and the work that the BID does, as well as improve security and landscaping throughout the BID.

ABOUT PERTH AMBOY

Perth Amboy is located in central New Jersey about 30 miles from New York City, in the central eastern portion of Middlesex County (**Figures 1 and 2**). Comprising approximately 4.8 square miles and located at the confluence of the Raritan River, Arthur Kill and Raritan Bay, the City provides deep-water access to the Atlantic Ocean for national and international marine traffic. Perth Amboy is located at the crossroads of major transportation systems connecting the Northeast Corridor. The New Jersey Turnpike, Garden State Parkway and Interstate Highway 287 all intersect within miles of the city center.

Figure 1 - Middlesex County within New Jersey

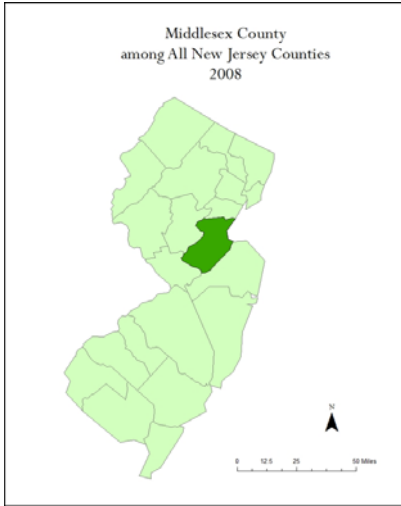
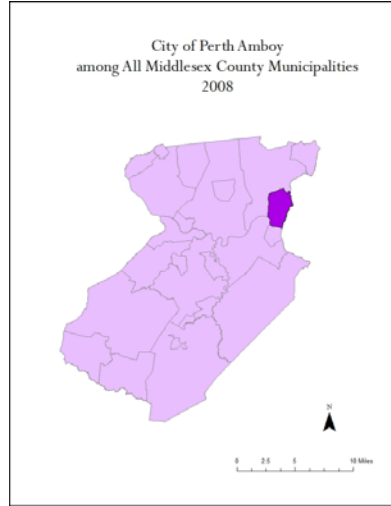


Figure 2 - City of Perth Amboy within Middlesex County



History

Perth Amboy was first settled in 1683 after being purchased from the Lenape Indians. The city has the distinction of being the only city in the US incorporated twice, once before the Revolutionary War in 1718 and again following the war in 1784. During the colonial era, the city became an important port and way-station for passengers and products between New York City and Philadelphia. The 1800s saw the City's waterfront expand to include housing, stores, restaurants, outdoor markets and warehouses.

The Industrial Revolution of the late 1800s and early 1900s saw Perth Amboy experience its economic peak as numerous companies located within the rapidly increasing city that was fed by exponential levels of immigration. During this time, due to its location and wealthy community, the City became a sort of resort destination. However, just like other Industrial Era urban centers in the rust belt, with the invention of the automobile, white flight and the relocation of jobs and retail to the suburbs, Perth Amboy's population declined during from 1960 until 1980 period. The City was left with numerous large, contaminated brownfields, a polluted waterfront and a downtown that couldn't attract customers or residents.

Socioeconomic Characteristics

As of 2010, Perth Amboy has a relatively young population with 30.6% of the residents under the age of 19, with the largest age group being teens between the ages of 15 to 19 years (see **Table 1**). The median age for the city is 32 years, lower than the median age of 37 for Middlesex County, and only 13.4% of the city is over 65 years. Total school enrollment is about 13,000 students in the district which is comprised of ten schools. Educational attainment numbers for the city show that about 35% of the population has earned at least a high school

diploma, while another 17% have gone on to earn an Associate’s degree or higher. However, almost 33% of the community did not graduate from high school.

Table 1 – 2010 Socioeconomic Characteristics: Perth Amboy, New Brunswick, Middlesex County, and New Jersey

	Perth Amboy	New Brunswick	Middlesex County	New Jersey
Total Population	50,814	55,181	809,858	8,791,894
Race				
% White	50.3	45.4	58.6	68.6
% Black	10.5	16	9.7	13.7
Ethnicity				
% Hispanic	78.1	49.9	18.4	17.7
Median Age	32.4	23.3	37.2	39.0
% 65 or Over	9.3	5.2	12.3	7.9
Households				
Total Number of Households	15,419	14,119	281,186	3,214,360
% female Headed	24.6	17.5	11.8	13.3
Average Household Size	3.25	3.36	2.8	2.68
Income				
Median Household Income	47,782	46,645	76,321	68,981
% Families Below the Poverty Level	14.3	9.9	7.6	8.8
Employment				
Unemployment (%)	4.5	5.5	4.1	4.6
% Management/Professional	18.2	26.3	42.4	39
% Manufacturing	15.5	13.1	11.1	9.5
% Retail	27	15	16	
Housing Units	15,419	15,053	294,800	3,553,562
% Owner Occupied	35.5	23.9	63.5	65.4
% Renter Occupied	64.5	76.1	31.9	34.6
Median Value	\$319,300	\$285,600	\$354,600	\$356,800
Median Rent	\$1,048	\$1,215	\$1,166	\$1,059
Lacking Complete Plumbing	0.8	0.8	0.4	0.5
% Overcrowded (1.01 person per room or more)	7.5	14.4	3.2	3

Source: 2010 Census, 2005-2009 American Community Survey

Perth Amboy’s racial mix has 50.3% of the white population white and 10.5% black or African American. A little over three-fourths of the population is Hispanic or Latino, significantly higher than the New Brunswick’s 50% and the County’s 18%, comprised of 25% Puerto Rican, 10% Mexican and 43% of other Hispanic or Latino backgrounds. In terms of place of birth, 51% of the population was born in the United States. Of native residents, 41% were born in New Jersey. Of the foreign born population, 64% are not US citizens. Almost 75% of the population speaks a language other than English as home, with 47% of the population indicating they did not speak English very well.

Housing

The residential areas of Perth Amboy encompass approximately 1,500 acres with a little over 16,500 housing units primarily located in the northeast, central and southern sections of the city. The city is predominantly 1- or 2-unit detached residences with a vacancy rate of only about 7%. Almost 80% of the units are 40 years or older, with the largest portion—30%, 70 years or

older. About 65% of the housing units are renter-occupied, lower than New Brunswick's 76% share, with at least half of the residents paying \$1,000 or more a month in rent.

For owner-occupied units, the median house value is \$319,300, which is higher than New Brunswick median value of \$285,600 but significantly lower than the County's \$354,500. The average household size is 3.25 people, with families making up 73% of households. As compared to New Brunswick and the County, Perth Amboy has a larger percentage of female-headed households at 25%, compared to 17% and 11% respectively. Affordability is an issue, as almost 50% of both renters and owners spend 35% or more on housing and related costs.

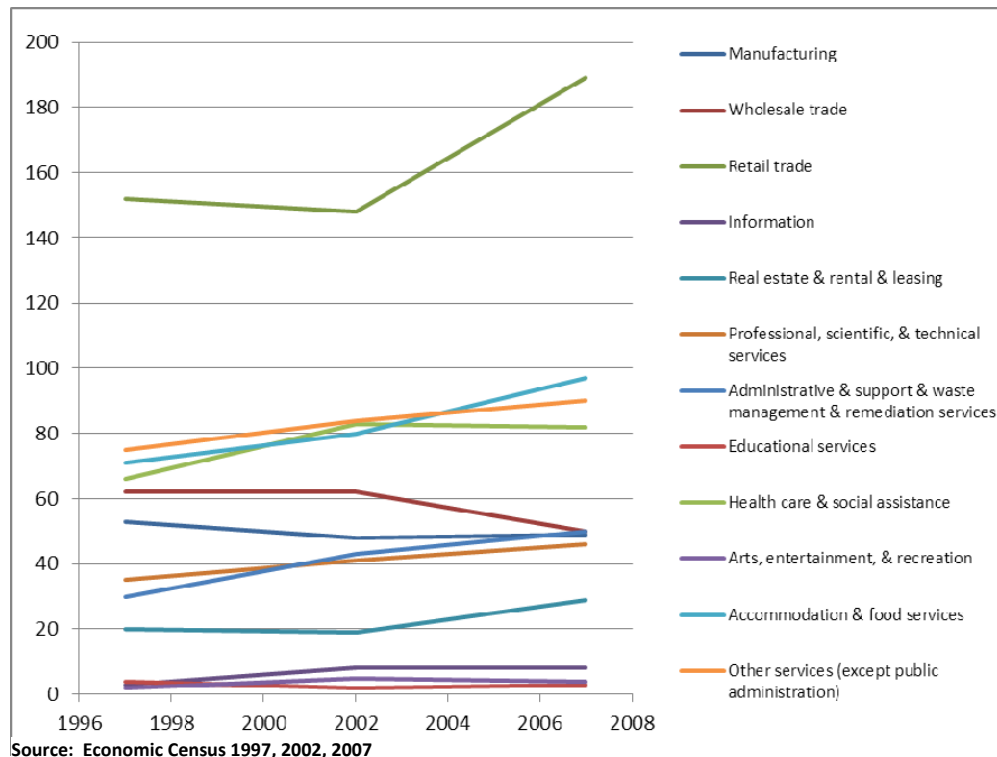
Economic Characteristics and Retail

The commercial and mixed commercial/residential areas encompass nearly 900 acres and are primarily located along major boulevards including Smith Street, Market Street and New Brunswick Avenue. The industrial areas are located along the north, east and southwest perimeters of the city and occupy approximately 550 acres.

Perth Amboy has a 4.5% unemployment rate, slightly lower than New Brunswick 5.5% rate, with a labor force of almost 24,000 individuals. The median income for the area is \$47,782 with about 18% of the population below the poverty level. New Brunswick has a lower median income level of \$46,645, but a significantly lower percentage of individuals below the poverty level at the 9.9% level. About 27% of Perth Amboy's population work in sales and office occupations while another 27% are employed in production, transportation and material moving companies. Manufacturing, educational, health care and social services employ about 15% each of the remaining workforce. Average commute time for residents is 21.8 minutes with at least 70% of the population driving alone to work.

According to the Economic Census, there were 697 business establishments located in Perth Amboy in 2007. This was an increase of 22% from the total of 573 establishments in 1997. In particular, retail trade in the City saw a substantial increase in establishments during this ten year period; with 152 establishments in 1997, the retail trade industry grew to 189 establishments in 2007 – an increase of 24% (see **Figure 3**). This increase occurred entirely within the five year period from 2002 to 2007, as the number of retail trade establishments actually decreased slightly from 152 to 148 in 2002.

Figure 1 - Number of Business Establishment by Type: Perth Amboy, NJ



In terms of retail sales per capita, Perth Amboy's retail market was more successful than that of New Brunswick. In 2007, Perth Amboy had retail sales per capita of \$7,022 - 75% higher than that of New Brunswick at \$4,012 (see **Table 2**). However, both cities had low retail sales per capita when compared to Middlesex County (\$14,215) and the State of New Jersey (\$14,424) in 2007.

Table 2 – 2007 Retail Sales per Capita: Perth Amboy, NJ

	Perth Amboy	New Brunswick
Retail Sales per Capita	\$7,022	\$4,012
Retail Sales per Capita (Excluding Auto Sales)	\$5,722	\$3,695
Source: 2007 Economic Census		

Retail trade accounts for the largest percentage of all business establishments in Perth Amboy. In 2007, retail trade comprised 27% of all business establishments in the City. Other notable types of establishments in the City were accommodation and food services with 14%, "other services" (including automotive repair, laundry and personal care services) with 13%, and health care and social assistance with 12% of all establishments.

Comparing Perth Amboy with the City of New Brunswick (**Table 3**), retail trade is not quite as dominant in New Brunswick. In 2007, the largest percentage of all business establishments in New Brunswick was professional, scientific, and technical services with 17%, followed closely by accommodation and food services with 16%, retail trade with 15%, and health care and social assistance with 14% of all establishments. Overall, New Brunswick also saw an increase in total business establishments from 1997 to 2007, with an increase from its 790 establishments in 1997 to 930 establishments in 2007. This was an increase of 18% - nearly as high as Perth Amboy's total increase of 22%.

Table 3 - Retail Profile: Perth Amboy and New Brunswick

	Perth Amboy			New Brunswick		
	Sales (\$1,000)	Annual payroll (\$1,000)	Number of paid employees	Sales (\$1,000)	Annual payroll (\$1,000)	Number of paid employees
<u>ALL RETAIL TRADE (TOTAL)</u>	<u>340,743</u>	<u>32,131</u>	<u>1,336</u>	<u>201,465</u>	<u>20,253</u>	<u>958</u>
Motor vehicle & parts dealers	63,177	5,221	191	15,959	1,666	73
Building material, garden equip, supplies dealers	32,802	6,035	141	Withheld	Withheld	60
Food & beverage stores	105,867	10,781	550	33,136	2,912	168
Health & personal care stores	35,140	3,347	119	35,701	3,839	137
Clothing & accessory stores	14,942	1,939	141	15,751	2,489	119
Sporting goods, hobbies, books, music	792	140	7	20,704	2,304	132
General merchandise stores	3,328	659	40	Withheld	Withheld	175

Source: 2007 Economic Census

Considering Middlesex County overall, the breakdown of business establishment types in the County more closely matches that of New Brunswick than that of Perth Amboy (**Table 4**). In the County, professional, scientific, and technical services makes up the largest percentage of business establishments with 23%, followed by retail trade with 16% and health care and social assistance with 11%. Comparatively, both New Brunswick and Perth Amboy have considerably higher percentages of accommodation and food services than the County overall, while Perth Amboy also has substantially higher percentages of retail trade establishments and "other services."

Table 4 - Retail Establishment Types in Perth Amboy, New Brunswick, and Middlesex County

Establishment Type	Perth Amboy	New Brunswick	Middlesex County
Retail trade	27%	15%	16%
Accommodation & food services	14%	16%	9%
Other services (except public administration)	13%	10%	9%
Health care & social assistance	12%	14%	11%
Wholesale trade	7%	7%	10%
Administrative & support, waste management & remediation services	7%	7%	7%
Manufacturing	7%	6%	5%
Professional, scientific, & technical services	7%	17%	23%
Real estate & rental & leasing	4%	4%	4%
Information	1%	1%	2%
Arts, entertainment, & recreation	1%	1%	1%
Educational services	0%	1%	1%

Source: 2007 Economic Census

Although the number of establishments in Perth Amboy has increased since 1997, the success of these establishments as measured by revenue has remained relatively constant. According to the Economic Census of 2007, the average annual revenue per Perth Amboy business establishment actually decreased slightly from \$3,043,000 in 1997 to \$2,940,000 in 2007 – a decrease of 3%. However, the average annual revenue per retail trade establishment increased in this city by 27% during this time, from \$1,418,000 in 1997 to \$1,803,000 in 2007.

Average annual revenue per accommodation and food service establishment also increased during this time, from \$266,000 in 1997 to \$336,000 in 2007 – an increase of 26%. An even greater increase was seen by “other services” establishments; with an increase of 44% as the average annual revenue per establishment grew from \$391,000 in 1997 to \$563,000 in 2007. Although they make up less of Perth Amboy’s total business establishments, the industries of health care and social assistance, professional, scientific and technical services, and real estate also saw great increases in average annual revenue during this period, with 256%, 56%, and 51% increases, respectively.

In comparison, New Brunswick’s business establishments have been even more successful. From 1997 to 2007, the average annual revenue per establishment in New Brunswick grew from \$1,996,000 to \$3,606,000 – a dramatic increase of 81% overall. Specifically, professional, scientific and technical services saw an increase of 108%, accommodation and food services saw an increase of 47%, retail trade saw an increase of 36%, and health care and social assistance saw an increase 287%. Other less prominent establishment types in New Brunswick that saw significant increases during this time include “other services” with 484%, and administrative and waste management services with 149%.

Compared to Middlesex County and the State of New Jersey, New Brunswick’s economy has fared very well during the ten years from 1997 to 2007. Middlesex County saw an overall increase in the average annual revenue per establishment of 17%, while the State of New Jersey

saw an increase of only 4%--comparable to Perth Amboy's decrease of 3%. Although the County had a greater average annual revenue per establishment at \$4,404,000 than that of the State (\$3,686,000) and both New Brunswick (\$3,606,000) and Perth Amboy (\$2,940,000) in 2007, New Brunswick saw the greatest increase at 81% – the sign of a dramatically growing economy.

Property Tax Profile

In looking at Perth Amboy and New Brunswick's property tax profile, the two localities are actually fairly similar. Perth Amboy has a total equalized value of \$3,943,315,405 slightly higher than New Brunswick's total equalized value of \$3,472,054,004. Perth Amboy has a nominal property tax rate of 5.169% while New Brunswick has a 2.46% rate (see **Table 5**). The county equalization ratio is based on the assessed value versus the actual value and New Brunswick's is significantly lower. The effective tax rate is based on the county equalization ratio and the property tax rate and it's evident that despite the disparities in property tax rate and assessed values, the effective tax rate for both New Brunswick and Perth Amboy are the same at 1.90%.

Table 5 - Property Tax Information for Perth Amboy, NJ

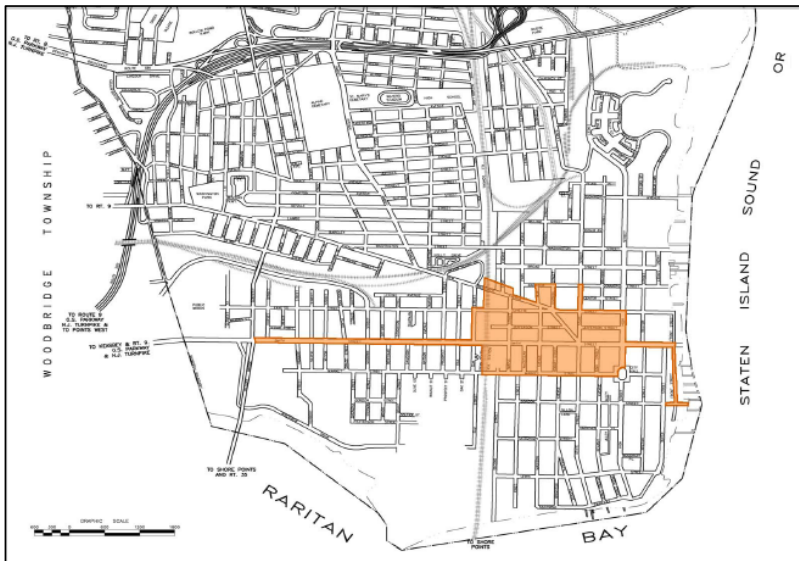
	Perth Amboy	New Brunswick
Total Equalized Value	\$3,943,315,405	\$3,472,054,004
Property Tax Rate	2.46	5.162
County Equalization Ratio	92.31%	37.03%
Total Levy	\$89,509,488	\$66,360,579
Effective Tax Rate	2.230	1.900
Source NJ DCA 2010		

PERTH AMBOY BID ORIGINS AND STRUCTURE

As with many industrial cities across the United States, Perth Amboy suffered from disinvestment throughout the second half of the 20th Century. Because of this, many local businesses relocated to new shopping centers, resulting in an in-cohesive sense of downtown with 80% of stores vacant in the mid-1970s. The Perth Amboy BID was created in response to this in an effort to strengthen the unity among downtown businesses and strengthen Perth Amboy's sense of place.

Perth Amboy's BID encompasses the main functional business areas downtown, centered on Smith Street. Shortly after its inception, the BID was expanded outside of the existing downtown in order to encourage new development in the surrounding areas. With this expansion, the BID became the longest in the state. Today, the BID runs down Smith Street, the main downtown corridor, all the way to the Arthur Kill waterfront along Front Street. It also expands to include parts of other main commercial roads in the city, including Amboy Avenue, Market Street, New Brunswick Avenue and State Street (**Figure 4**).

Figure 2 – Map of Perth Amboy BID



Like many cities with river access, Perth Amboy has made recent attempts to revitalize their formerly industrial areas along the waterfront along the Raritan Bay and Staten Island Sound. Included in this effort is a renovation of waterfront walkways and open areas and the marina, expansion of the esplanade, new upscale dining and residents and historical preservation. This is of particular importance to Perth Amboy, since it includes the confluence of the Raritan and Arthur Kill rivers at the Raritan Bay. In conjunction with this, the Perth Amboy BID was expanded to the waterfront in 2005, in order to better serve its role as the beginning of the Jersey Shore.

The BID currently includes 274 commercial properties. Although this is not a significant increase in number of properties since the BID's inception, many properties have since become subdivided to the BID includes a larger number of businesses.

The BID has had some managerial changes over time. When it was first created, the BID included a paid Executive Director and a board of 35 members, made up of business owners, government officials, and others with a vested interest in the downtown businesses. It was found that the large board and the organizational structure made it difficult to accomplish goals in a timely manner, leading to the BID's restructuring in 2001. The BID is now managed by a director and an administrator, and the board was cut down to 14 members. The current employees feel that such changes made the organization much more efficient in accomplishing its aims.

The members are added to the board through one of the following ways: appointed by the mayor, selected by the organization's existing board members or recommended by the BID and approved by the City. The board also has a requirement that there be a mix of members that

represent various interests in the community. The length of term members serve is staggered between one, two and three years. The board has the right to set its own budget and make choices about the bundle and level of services the BID will provide. It does not have the ability to make hiring and personnel decisions and they recommend levels of assessment revenues, but the city government determines the final level. The BID and its fee exist indefinitely and are not subject to periodic renewal.

Unlike the New Brunswick City Market structure, Perth Amboy businesses all pay the same rate based on their size and real estate value, regardless of the nature of their business, with no exemptions. Additionally, the BID had received over \$2.3 million in community development funds through Perth Amboy’s Urban Enterprise Zone (UEZ), which encompasses the entire BID. However, this source of funding is no longer available due to significant statewide cuts in UEZ budgets. To put that number into perspective, the BID currently has a \$232,000 budget which is broken down in the following way for the 2011-2012 year:

Table 6 Perth Amboy BID 2011 - 2012 Budget

Activity	Funding	Percent
Administrative Salaries	\$88,160	38%
Clean Team Program	\$55,680	24%
Façade Grant Program	\$48,720	21%
Special Projects	\$27,840	12%
Operating Expenses	\$11,600	5%
Total	\$232,000	100%

Besides for the UEZ, the main source of funding has been through tax assessments, currently at a rate of .8%, on commercial properties within the district. However, they are able to hold special events through sponsorships, such as the recent Women in Business seminar sponsored by Wells Fargo

Like many BIDs, Perth Amboy works with many different organizations within the city. In order to better support local businesses, the BID collaborates with the Perth Amboy Chamber of Commerce and the Merchant’s Organization. Additionally, the BID works with the Department of Public Works on projects such as “Stop for Pedestrians” signage and solar-operated cameras in places with issues of garbage dumping. The BID also works with the city’s Parking Utility on issues concerning the maintenance of downtown parking spaces and decks. Finally, the BID works with several different local non-profits for seminars and community outreach events.

BID ACTIVITIES AND IMPROVEMENTS

The overall goal of Perth Amboy’s BID is to attract more customers to downtown businesses. The BID’s workforce pursues this goal mainly through street-scape beautification and recreational activities. As the BID only has two paid employees, much of time invested in the BID is done so by volunteers. According to Barry Rosengarten, it is a commitment of passion.

One of the main roles of the BID is to provide marketing and hospitality services for BID organizations including the following:

1. Street guides or ambassadors

2. Tourism kiosks
3. Maps and area information
4. Marketing/advertising campaigns
5. Festival
6. Arts events

Two other activities include a farmer's market and holiday decorations. As of this year, the BID established a Farmer's Market that takes place every Wednesday and Saturday during the summer and autumn seasons. As it is only the Market's first year, there is currently one farmer involved in supplying produce and related goods. However, the BID intends to expand the Market to include more farmers and vendors in 2012 as well as use the market as an opportunity to showcase the local arts and music scene. To help spread the holiday spirit, the BID dresses the downtown in holiday decorations throughout the year. They are currently putting up "The Look of Fall" with Halloween- and Thanksgiving-themed decorations. Beginning in December, they traditionally provide holiday lights and wreaths for the winter holidays.

The BID also sponsors various art events in the downtown, including expressions of music, painting, and poetry. In the past, some of these art events have consisted of jazz concerts, talent showcases, and weekly "open mic" poetry. Other events sponsored by the BID have included various holiday events, as well as ethnic awareness events - events advertised to share "the Color of our Community." The BID works in conjunction with the Perth Amboy Chamber of Commerce and the Perth Amboy Merchants Association (PAMA) to provide many of these events.

The city provides grass and tree cutting and flower planting with their own staff, but also provides the following maintenance services through contract:

1. Rubbish collection
2. Litter and graffiti removal
3. Sidewalk washing
4. Snow shoveling

In addition to this, the BID facilitates street-scape beautification in the downtown. This beautification includes street cleaning, litter removal, and facade improvements to make the downtown more inviting, as well as improved lighting to increase security and vigilance. The BID has also provided a welcome banner at the entrance to Perth Amboy's downtown.

The BID also provides public space services including sidewalk vending management, street performance management, and development of urban design/façade guidelines and enforcement of these requirements. They also provide job training programs for underemployed persons within the community. The BID also provides funding towards the following business recruitment and retention activities and security services:

1. Market research
2. Financial incentives for new/expanding businesses
3. Business recruiting
4. Marketing

5. Uniformed, unarmed ambassador
6. Security cameras

There are several activities and improvements the BID would like to pursue in the future. First, they would like to implement an electronic billboard at the entrance to the downtown. This billboard would advertise activities taking place in Perth Amboy, and could be continually updated. They would also like to landscape the entryway to the downtown, and incorporate a sign for motorists saying “Stop for Pedestrians,” which they would coordinate with police department. To respond to the problem of garbage dumping, the BID would like to install security cameras in strategic areas. With these security cameras installed, they could bring those illegally dumping garbage to court and take action to hopefully put an end to the problem. Finally, the BID would like to look into the Main Street Program, which could provide further revitalization and management strategies as well as funding for Perth Amboy’s downtown.

PERTH AMBOY BID IMPACT

Currently, the BID only measures its performance through community and business meetings and business surveys. They do not track any data like building permits, vacancy rates and property values within the BID trends. The only numbers the BID previously tracked within its limits were vacancy rates. When the economy was experiencing a boom, there were no longer vacant properties, so the BID stopped keeping track of such numbers.

The BID is currently taking the steps to begin tracking these numbers again. The BID provides performance reports to the city government that include the number of businesses they serve and the businesses perceptions. They also publish an annual budget, an annual financial report, and conduct an annual independent financial audit. However, as the Economic Census data revealed earlier, there have been improvement in the number and success of establishments in Perth Amboy since 1997, however, a more in depth analysis after the 2012 Economic Census comes out will be necessary since the most recent data is from 2007, before the recession hit.

The members of the BID see their two greatest achievements in the areas of street cleanup and marketing for the downtown businesses. Prior to the creation of the BID and its street cleanup activities, the City was a very dirty place and people were not interested in their downtown. Today it is much cleaner and this is mostly due to the activities of the BID as can be seen in the levels of pedestrians and shoppers on a given day. Similarly, the BID has worked hard to increase the visibility and awareness of the businesses within its borders. Through special events and marketing the BID has enabled the City to return as a restaurant destination for surrounding communities, particularly due to the variety of cuisine.

The lack of reporting and tracking of changes within the BID is perhaps one of their greatest weaknesses and a real opportunity for growth in the future. By knowing just how effective their efforts are or not being, the BID can better address the needs of the businesses within the community. It is their plan to do better tracking of their progress and conditions in the future. Given the fact that the UEZ funds are no longer available, the BID will need to make

more conscious and careful investments, which can only be done through in depth research and monitoring.

The council members of the BID also realize that most of their work, like marketing and street cleanup, while it is important work, it is less recognizable to the business and residential community. They perceive the work as a subconscious effort that many might be taking for granted and because the BID's role in this subconscious role goes unrecognizable, businesses might not see the importance of joining the BID. Therefore, the city also hopes to improve the awareness within the business and residential community of the work they are doing.

BID FUTURE PLANS

As the BID moves into the future, their goals remain the same; to create cohesiveness within the community while encouraging businesses to stay in the city and help them grow. Perth Amboy offers an ideal location for businesses and industry with a bustling downtown, a waterfront on the rise and a convenient transportation system. The city wants to find a way to attract more businesses to join the BID and utilize the resources they provide.

Reaching these goals will require more interaction and incentives for businesses. One way Perth Amboy is attacking this is by marketing itself differently with the help of *Choose NJ*, a non-profit organization that is designed to build a partnership with state and business owners. Choose NJ's goal is to encourage and nurture economic growth throughout New Jersey. Perth Amboy is hoping their methodology of promoting and facilitating efforts to retain and expand businesses statewide will have a local impact on their BID.

Life after the UEZ

In the past the UEZ played an intricate role in the BID, but with its recent departure, Perth Amboy must find a way to continue to accommodate businesses. The UEZ funded the bid with over \$400,000 annually and \$2.3 million all together. Unable to financially replace the UEZ, Perth Amboy have to further explore other options. One of these options includes funding and shared resources from other City departments and funding sources such as community development block grants and Public Works.

Funding aside, the city is seeking help from local organizations in terms of volunteering and outreach. With such organizations as Perth Amboy Merchants Association (PAMA), Chamber of Commerce and the Jewish Renaissance, the city is hoping they can contribute to the BID with educational programs and neighborhood interest meetings. The city understands that these various organizations will not be able to replace the UEZ fiscally, but they are hoping that their contributions will still have an impact. The city is also researching other federal, state and local programs in order to find alternative funding sources.

Obstacles

Perth Amboy faces a number of challenges and obstacles in order to meet their future goals. None of these challenges is greater than the gaping financial hole left by the cutting of the

UEZ program and although the city plans to subsidize the program, they are reducing the annual contributions by nearly 50%.

Another obstacle the city is going to have to avoid if they want to improve the current BID is political pressure from local government. Like most municipalities in New Jersey in this day, funding and financing are controversial topics that dictate political decisions. Future mayors and other political members of the city will have to continue to support and fund the BID if they hope to improve the current program.

The city is hoping in the future to expand the current BID district and bring in more businesses and increase the income generated. With the inclusion of these new businesses however, these businesses will now be required to pay an extra tax originally not bestowed to them. The city must find a way to give incentives to these businesses and entice them to want to be a part of the BID.

Improving Quality of Retail

Currently Perth Amboy's downtown district is comprised of several lower end quality retail stores and fast restaurants, lacking commercial appeal. Perth Amboy's current income structure dictates the level of quality for businesses and with the city's median income per household just over \$37,000, there is not much of a market for the big name corporations.

Big box retail may not have a market in Perth Amboy, but the city is looking to incorporate businesses that are both affordable and in high demand. The city's solution was a 10,000 square foot grocery store that caters to the city's multicultural population and although there already three grocery stores on Smith Street the city believes there is enough business for all of them. Moving forward, if Perth Amboy wants to improve their quality of retail, they need to include businesses that not only improve the quality of the city, but also relate to the people.



New Brunswick City Market: A History

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12/1/2011

NEW BRUNSWICK CITY MARKET: A HISTORY

NEW BRUNSWICK HISTORY BEFORE NBCM

The city of New Brunswick has a very a long and varied history. Many qualities of the city have substantially changed since its founding. The first settlers of European origin arrived in 1680, almost a full century before the United States became an independent nation. They were largely attracted to the area's natural resources and access point, as it is located on the banks of the Raritan River. This location allowed for easy navigation along the river to the coast and farther inland, which was quite conducive to trade. As the colonies grew in regards to overall number of settlers, especially New Jersey, the location along the Raritan became increasingly prized. Over the course of the following century, the city increasingly grew in both its physical size as well as its overall population. By the year of 1766, New Brunswick had become a fully functioning and well-established city. A city charter had been commissioned, several services were being offered (fire department, postal service, etc.), and Queens College (which would become Rutgers University) was established. The city also played a key in the Revolutionary War, due to its strategic location. By 1784, the city was officially incorporated under the state government of New Jersey.

New Brunswick continued to progress as technology advanced throughout the nineteenth century. Innovations such as steamboats had a great impact on the city's development as water navigation became increasingly efficient. Steamboat service from New Brunswick to New York City, established in 1807, greatly enhanced the economic viability of the city. By 1836, railroad service officially came to the city as a rail bridge was constructed over the Raritan River, which further enhanced the viability of not only the city, but the surrounding region. The city became a key stop on the important rail route between New York and Philadelphia, two giant centers of population and economic activity. Due to its location along this corridor, New Brunswick became the preferred spot for a small company named Johnson & Johnson to locate its business in 1886. At first, the company opened a small factory, and has grown quite considerably ever since. As the company grew in national and eventually global importance, the economic contribution of the company within the local economy grew as well. With the aid of Johnson & Johnson and several other major institutions headquartered in the city, New Brunswick became, and continues to be, a regional economic center within New Jersey.

However, by the dawn of the 1980s, New Brunswick was mired in a prolonged state of disinvestment, much like urban centers around the United States. Newer housing developments located on the periphery of the city, suburban sprawl and commercial strip malls associated with it robbed downtown New Brunswick of much of its commercial and economic vitality. The city was full of aging buildings and infrastructure, as well as high and increasing rates of poverty throughout the city. Criminal activity was fairly common and the city's reputation had become severely damaged as it was generally perceived as an unattractive and somewhat dangerous place. The city had deteriorated to such a state of disrepair that Johnson & Johnson, a leading employer in the city and an incredibly important economic engine, strongly considered moving its headquarters to somewhere outside of the city. However, the company ultimately decided to stay in New Brunswick and build its new corporate headquarters in the center of downtown. In making its decision, the company stressed the importance of a renewed and intensified effort by the city to revitalize its downtown area. The company also expressed its interest in being

involved in the process. These circumstances were the impetus for the formation of New Brunswick City Market, with its mission of promoting the interests of the downtown area.

THE CREATION OF NEW BRUNSWICK CITY MARKET

New Brunswick City Market was officially created in 1987 as a non-profit organization. According to its overview and mission statement, City Market is an organization that oversees the downtown Business Improvement District (BID). Even though there are currently over eighty BIDs/SIDs throughout New Jersey, it was a relatively new strategy for promoting downtown districts in 1987. New Brunswick was among the first of six BIDs that was established in New Jersey between 1985 and 1988 along with Cranford, Elizabeth, Englewood, Somerville, and Trenton. At its founding, the organization was created as a financing tool used by local businesses to provide specialized services. The services provided were sidewalk cleaning, graffiti removal, physical improvements, and façade and awning matching grants, among others. The organization also was in charge of special events within the downtown district, holiday programming, area marketing, and business promotion.

The boundaries of the district closely correspond to what is considered to be the commercial heart of New Brunswick. That includes a span of George Street from Albany Street to Morris Street and its side streets for several blocks. Also included is Albany Street from the Route 27 Bridge at the Raritan River until Easton Avenue and Livingston Avenue between New and George Streets. Within the district is a dense clustering of offices, restaurants and other commercial businesses, and an increasing number of dense residential units. The New Brunswick City Council was authorized to delineate the geographic boundaries of the district. George Street and its surrounding streets were a natural fit to receive the designation due to the aforementioned qualities of the neighborhood and the corresponding high amount of commercial foot traffic.

Glenn F. Harvey was the original executive director of New Brunswick City Market. He served a dual role as the executive director of both the organization and the New Brunswick Chamber of Commerce. Before coming to New Brunswick, Harvey served in a similar position in Paterson, New Jersey, which is another urban center in the state that fell under similar circumstances of commercial disinvestment. The by-laws of the organization required considerable input from the community. The organization required that at least twenty representatives from a cross-section of the community serve on the board of directors. The original board was comprised of members of large corporations such as Johnson & Johnson and NJ Bell as well as restaurants and Robert Wood Johnson University Hospital. Hotels such as Hyatt, cultural organizations, all major governmental organizations also contributed officers to the board. Major banks and quasi-governmental organizations, such as D.E.V.C.O. and the Office of Policy, Planning & Economic Development, were also represented. Small business owners, not to be forgotten, rounded out the board.

Since its inception, the bylaws of the organization have not varied significantly. The principle office of the organization is required to be located within the City of New Brunswick. The bylaws also state that in the event of the dissolution of the corporation, all of its assets shall be transferred and assigned to the City of New Brunswick. The Board of Directors, which manages the organization, has grown considerably from its original twenty members to thirty-three directors. Everyone on the board is required to reside, work, and/or have significant ties to the City of New Brunswick. There are six members who have a right to office. These members are the Mayor or his designee, the President of DEVCO, the Executive Director of the New Brunswick Parking Authority, a member of the New Brunswick City Council, the President of

New Brunswick Cultural Center, Inc., and the Director of the City of New Brunswick's Department of Economic Development. The remaining twenty seven members are elected by the board. The growth of the Board of Directors over time is an indication of the success and strong influence of New Brunswick City Market in implementing its improvements for the city. The Board of Directors also represents a wide spectrum of city sectors. All sectors share a significant interest, both socially and economically, in continuing to improve the vitality of the downtown business district.

ASSESSMENT HISTORY

One of the main responsibilities of New Brunswick City market is to assess a fee to properties within the designated district in order to perform its services. However, there are more than several options available in regards to formulating a method for assessment. There are a large number of BIDs across the United States and assessment methods abound. The most popular and prevalent methods include basing assessments on things such as property value, physical space, and land use, among others. When NBCM was first created, the organization attempted to formulate assessment based on property valuations. However, this method was protested by Johnson & Johnson, a corporation that holds considerable influence within the city. The corporation's stance was that its assessment would significantly exceed those of the other properties. It was their belief that they would be overpaying their share in regards to the benefits they would receive in return for the fee. Therefore, Johnson & Johnson offered a fixed amount for their assessment while NBCM was left to assess other properties in whichever manner they saw fit.

Over time, however, NBCM altered its assessment method and implemented a four-tier system of assessing fees in 1994. It was based upon ranges that NBCM established, and properties within the district were separated into four tiers. It closely resembles an assessment method based on land use of properties. The four tiers were classified as A) general commercial and retail; B) fox lance office with retail; C) hotels and telecom (no retail); and D) corporate headquarters. The assessed value for each property is multiplied by the BID tax rate, which is based on the classification of the property, which then equates to the annual tax assessment paid. This method ensures that different properties pay different assessments, as there is no standard rate for everyone involved.

Between 1994 and 1998, the established rates within each tier were altered each fiscal year. Therefore, the rate for each class slightly fluctuated in an effort to bring in more revenue for increased services. The rate for Class A properties went from .00183 in 1994 to .00231 in 1998. Class C properties rose from .00074 in 1994 to .00081 in 1998. Class D saw relatively little change, as it went from a rate of .00047 to .00051 during the same time period. This data is represented in the table below:

SID Assessment Comparison					
Class	1994	1995	1996	1997	1998
Class A Properties General Commercial & Retail	0.00183	0.00219	0.00221	0.00231	0.00236
Class B Properties Fox Lance Office w/Retail	0.00209	0.00192	0.00193	0.00203	0.00205
Class C Properties Hotel & Telecom (no retail)	0.00074	0.00077	0.00078	0.00081	0.00114
Class D Properties Corporate Headquarters	0.00047	0.00049	0.00049	0.00051	0.00081

However, since 1998, the rates within each of the four tiers have remained constant. The overall assessment has not remained constant, and has grown throughout the years since 1998, with the exception of a few outlying years. In 1998, the total SID assessment was \$348,791 and by 2010, that figure had grown to \$498,826.89. In 2003, the total SID assessment reached its highest value to date, with a reported figure of \$535,106. During this same time period, businesses have continuously come and gone from the district and the overall character of the area has changed. Meanwhile, NBCM has decided to stay the course and keep its assessment methods unaltered as it feels it has the most equitable method for all involved. Furthermore, changes have the potential to be met with resistance or resentment.

ACTIVITIES AND PRIORITIES OF NBCM

New Brunswick City Market groups its services into five different categories, according to the way it allocates its budget. The funding categories are divided into clean streets, a parking validation program, retail promotions/business marketing, district improvements, and economic development. Between 2004 and 2008, well over half of the budget was dedicated to clean streets and retail promotions/business marketing. For example, in 2005, \$238,463 was spent on retail promotions/business marketing and \$131,284 was spent on clean streets. These two totals took up the lion's share of \$502,605 allocated towards total program services. By 2007 and 2008, clean streets had taken over top spot in the budget, but it remained long with retail promotions/business marketing as the two dominant players. In 2008, clean streets were allocated \$151,847 while \$115,441 was spent on retail promotions/business marketing. This indicates a trend over this time period of beginning to more strongly favor general maintenance and attractiveness of outdoor space over direct marketing. In fact, 2007 marked an important turning point in the history of NBCM's budget as it was the first time that retail promotion/business marketing did not receive the most funding. Ever since its first budget in 1988, it had held the top spot. The other three categories remained relatively unchanged in their priority for funding. They all remained close to each other in total amount.

By the time 2009 and 2010 rolled around, retail promotions/business marketing firmly retook the lead in funding by a wide margin in the annual budgets. In 2010, retail promotions and marketing efforts were allocated \$211,855 by NBCM while clean streets fell to \$85,000. This was probably in response to the severe economic downturn that occurred in the overall American

economy in late 2008. New Brunswick, like many other urban areas, was not immune to the recessionary effects. The numbers indicate a renewed emphasis by NBCM to promote commercial traffic and spending within the district. Overall, NBCM has evolved into an organization more heavily involved in beautification, streetscape efforts and marketing above anything else. This represents a shift from an organization that at its inception was more heavily involved in organizing events in the downtown area. However, as the viability and size of the organization increased, it was more able to successfully adapt its activities to suit the economic and local conditions.

CONCLUSION

New Brunswick City Market was started at a time when downtown New Brunswick was in a vastly different state than it is now. The area has suffered through years of disinvestment accelerated by the most common effects of urban decline. It was previously not generally viewed as an attractive place to go out by a wide range of people. However, under the administration of NBCM, the downtown district has greatly rebounded from this prior state. NBCM greatly aided this renewal through its comprehensive marketing strategies, event organizing, and beautification efforts. The area has now successfully become a regional center for culture, nightlife, and dining out within New Jersey. Though downtown New Brunswick always has potential to improve, it has been greatly benefitted by the efforts of NBCM.



NEW BRUNSWICK CITY MARKET SID BUSINESSES FOCUS GROUPS

December 8, 2011

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EXECUTIVE SUMMARY

In order to better understand the perspectives of New Brunswick local businesses, focus groups were conducted consisting of business owners or representatives of business establishments in the New Brunswick SID. The focus groups were separated by business type into three groups: Arts and Culture, Dining and Nightlife, and Shops and Services.

- In terms of New Brunswick's strengths, all groups noted the variety and availability of entertainment and restaurant options in New Brunswick; the presence of Rutgers University, corporate headquarters, and the student population; and finally, the attractiveness and accessibility of the City.
- Weaknesses of the City included: perception of lack of parking, business turnover, a dearth of quality retail, and the lack of signage and "way-finding".
- Most of the focus group members were familiar with the services provided by the SID and identified street cleaning, graffiti removal, marketing and security as the services most important to them.
- Most groups indicated that they would like to have more face-to-face interaction with the SID staff, however, given the fact that there's only one paid employee and this might difficult, they suggested hiring an intern to help with the work of the SID.
- Most participants expressed a general satisfaction with the aesthetics of downtown New Brunswick, and would like to see further efforts to enhance the streetscape through public art.

PROCEDURE

The Arts and Culture group consisted of five participants and was held on November 1st from 3-5pm. The Dining and Nightlife group consisted of three participants and was held on October 25th from 2-4pm. The Shops and Services group consisted of four participants and was held on October 25th from 3-5pm. In these focus groups, the participants discussed the strengths and weaknesses of New Brunswick and of City Market's services, as well as recommendations for how to improve the SID (see **Appendix A** for Focus Group Discussion Questions). A summary of each focus group's discussion can be found in **Appendix B**.

NEW BRUNSWICK AND SID ANALYSIS

City Strengths

All three focus groups agreed that one of New Brunswick's greatest strengths is its quality theaters and restaurants. The Dining and Nightlife focus group added that there is something for everyone; college students, young professionals, and families can all enjoy the city in their respective ways due to wide range of establishments. They also pointed out what they saw as a very responsive, pro-business government and the fact that what the city has to offer is more unique than other downtowns because there aren't as many national chains.

Participants also felt that New Brunswick is very walkable, especially with its recently-improved streetscape that makes it a clean, attractive place to walk with very little graffiti, complete with benches that are utilized everywhere. There are many venues within close proximity to each other. Many of the restaurants have seating outside, and the restaurants have varying price ranges and "flavors" to attract a variety of customers. Essentially, New Brunswick has all the features of a big city in a small city. As a more positive effect of the recent transit fare and toll increases in the state, people have begun to re-explore their local areas. As one

participant put it, “New Brunswick is very ‘Central Jersey’ – you can eat, live, and work right here.”

Each focus group also brought up New Brunswick’s accessibility. There is adequate parking, though many customers do not seem to realize it. Public transportation is also a key mode of access to the city – most notably, access via the New Brunswick train station. The Arts and Culture focus group added that the train station is especially helpful for the theaters in New Brunswick, as actors can easily travel from New York City.

Finally, the participants addressed the strength of the strong customer base provided by Rutgers, Johnson & Johnson, and Robert Wood Johnson University Hospital. These large employers and institutions provide much of New Brunswick’s daytime population, while Rutgers also provides much of the base for nightlife.

City’s Weaknesses

A common weaknesses discussed by all focus groups was the perception of a lack of parking. Many people seem deterred by parking in decks, paying for metered parking, or having to walk some distance from their car to their destination. The Shops and Services focus group did not seem to think parking was an issue at night, since the parking decks are free and there is more on-street parking available. However, the Arts and Culture focus group felt that the lack of parking perception continued into the evening hours.

Another weakness discussed was business turnover in the city. There are several vacancies, causing one participant to comment that “any new business that comes in [to New Brunswick] is welcome.” The Dining and Nightlife focus group attributed some of these vacancies to the high density of restaurants in the downtown area; they said that because of this high restaurant density, many restaurants have failed over the past several years from lack of business. This problem is also related to the competitiveness within fine dining, and the considerable decline in patrons that are going out to eat in recent years due to the economic recession. The Arts and Culture focus group also tied this problem to lack of commercial rent control in the area, which has caused good businesses to leave the area due to high rents. They also linked this issue to the aging facilities in the area with long-term maintenance needs.

Two focus groups also discussed the lack of signage within the city. The Dining and Nightlife group felt that New Brunswick’s “pie-slice” shape – rather than grid shape – can make it slightly difficult to navigate for those unfamiliar with the city. They noted that more adequate way-finding signage from Route 18 and the train stations for both cars and pedestrians would make life much easier for those visiting New Brunswick. The Arts and Culture group added that signage to promote the downtown would be helpful, as there is currently only one such sign that simply reads “Theater District” on Route 287. They felt that more promotional signs are needed, with a tasteful design.

The Arts and Culture group also mentioned the perception that New Brunswick is unsafe. However, they discussed how most of the online crime alerts describe crime victims as unaware of their surroundings, and walking alone late at night. Therefore, visitors should not view crime as a threat if they remain vigilant and travel with others. They also mentioned that traffic, especially along Route 18 during rush hour, can be a weakness for New Brunswick, and that because of Route 18 and the flood-prone Raritan River, Boyd Park can never live up to its potential.

The Dining and Nightlife group also discussed the lack of benefits to businesses from events in the downtown. One participant felt that, with the example of the Chili Cook-Off, there

was not very much return on investment given the amount time and money invested into the event; the owner did not see much of an increase in returning customers. Another example discussed was the tree lighting ceremony. Participants felt that this event focuses on performances and local organizations, but does not bring many people into the restaurants afterwards. People in the Dining and Nightlife group felt that funds would be better used for marketing and outreach to get people to see New Brunswick as a destination. Finally, the Shops and Services group also mentioned that the summer is their weakest season for business, as the university is not as active and many people go on vacation. However, the Dining and Nightlife group saw the lack of retail overall as a major problem as well.

Cohesion and Interaction among Local Businesses

The Arts and Culture group felt that the arts centers in New Brunswick work together, share resources, and promote the city. However, the Shops and Services group felt that, although they have some communication with neighboring owners, it is difficult to go out and talk with others. They attributed this difficulty to being busy most of the time, and the challenges of running small businesses. They agreed that one of the best things about City Market is its ability to bring business owners together to discuss ideas. The Dining and Nightlife group suggested quarterly meetings or social get-togethers to increase knowledge sharing and cohesion.

Analysis of Existing City Markey Services, Program and Events

All participants were familiar with a majority of City Market's services thanks to emails, letters, and face-to-face visits. However, it was agreed that such letters often go unread, and that face-to-face visits are more helpful. The Shops and Services group discussed the prospect of getting City Market an intern who could visit all of the businesses personally, since the current staff member is often too busy with other tasks.

Several participants seemed generally familiar with the content of the City Market website, while others were not familiar with it at all. However, no participants said they check the website regularly for information. Participants explained that it is not meant for business owners, but rather for visitors of New Brunswick. Regarding updates to information on the website, some participants preferred to have City Market update their business's information when requested, as they do not have time to update it themselves. Others would like the option of updating the information themselves, given a friendly user interface.

Also in relation to the City Market website, some participants noted that many businesses do not understand how City Market's money is spent, and would like to be better informed. A pie chart that shows how the monies are allocated on the website would be beneficial to see if City Market's investments are worthwhile or not.

When asked which of City Market's services are most beneficial, it was evident that downtown businesses highly value streetscape aesthetics. Participants from each group mentioned graffiti removal and street cleaning as high priority services. The Dining and Nightlife group also felt that security is a very important factor when it comes to getting people to visit the downtown. The Arts and Culture group also mentioned the benefits of City Market facilitating access to information, as well as having strong board members.

When asked about City Market's weaknesses, the Arts and Culture group felt that there is often a lack of enforcement of individual business's responsibilities. Businesses can take advantage of the services provided, and won't clean around their property because "it's City Market's responsibility." However, the group attributed this issue to understaffing, as City

Market only has two employees. The group also discussed the issue of the no-SID tax incentive given to some businesses for agreeing to move into New Brunswick. These uncollected taxes could have significant benefits to the downtown, and should be addressed. In the Shops and Services group, one participant also felt that landscaping is important, despite the city contracting this out, and voiced that it should be reconsidered as part of City Market's services.

The Arts and Culture group also mentioned that they are all very satisfied with their relationship with City Market. They described City Market as cooperative, involved, and extremely responsive. One participant even noted, "Pam is a supreme multi-tasker." They said that City Market always follows through, and that "City Market's money is gravy."

Façade Improvement Grant

Participants had mixed views on the Façade Improvement Grant program. The Shops and Services group appreciated the program. One had used the grant, but it was about ten years ago. Two other participants are landlords, and they had one of their tenants use the grant to get an awning, commenting that the tenant probably wouldn't have implemented the awning otherwise. However, the Arts and Culture group felt that Façade Improvement Grants do not provide enough money to do anything worthwhile.

Trouble with Current Economic Situation

The Arts and Culture group discussed the challenges of the recovering economy, stating that "consumer confidence is extremely low." The extensive Rutgers student population seems to only see shows and museums when it is required by classes. Discounts do not make much of a difference for this student audience, although marketing free events can make an impact. Participants noted that the current young-adult generation is the most price-sensitive yet.

In relation to adult audiences, the Arts and Culture group said that even if people are employed, they are still trying to save money because "it could be them next" – meaning they could lose their job at any time. Overall, entertainment dollar spending is harder to secure in the current economy. However, participants mentioned that, when things turn around, they want to push the uniqueness of New Brunswick, and advertise it as a safe, convenient, and clean place to visit.

RECOMMENDATIONS

Demographic Targets

Several participants suggested that New Brunswick and City Market target certain demographic groups through its events in order to increase business among these groups. One participant in the Shops and Services group noted that he has seen many more Indian people on George Street when the State Theater has had recent Indian events. Given the large Indian population in the area, especially in Edison, this could be a good demographic to target. There is also a large Hispanic population in the area that could be brought downtown through specially marketed family and cultural events. The State Theater has also recently expanded their events to include events for younger and more diverse audiences and, as one participant noted, "The restaurants thank them for it." Such events do better than traditional plays that generally attract an elderly crowd that may not want to go to dinner beforehand or stay late for drinks.

In relation to child-friendly events, one participant said he loves the Christmas events because he brings his children, while other events aren't geared so much toward kids. Nevertheless, he isn't sure how much additional children's programming would help local business owners. As he sees it, the more important demographics are the Rutgers students and

faculty, professionals, and jurors at the courthouse. The flooding of downtown with children when State Theater has Sesame Street was mentioned. He also noted that people seldom know about children's menus offered by local restaurants. To target local white-collar professionals, one participant suggested a New Brunswick networking event. In the same vein, another participant suggested hosting speed dating events.

Coordination of Interests

Participants from the Shops and Services group discussed that it would be beneficial if New Brunswick could somehow come up with a way to keep jurors in town after spending all day in court, since they have been forced to come to the city and have already overcome the parking hurdle. There was also talk of coordinating special events or promotions among the businesses in conjunction with certain targeted events at the State Theater. The Dining and Nightlife group added that it may be helpful to do a Theater Week in cohesion with Restaurant Week. They commented that in the past, New Brunswick's restaurant week has been successful, but has slowed in securing additional diners over the past couple of years.

Promotion

In line with coordinating interests, several participants suggested marketing tactics and promotional deals to bring more business to the downtown. The Dining and Nightlife group suggested an improved marketing program to promote New Brunswick theaters, restaurants and hotels. They noted that many businesses have their own marketing programs, with the exception of some smaller restaurants. They said that one way to improve the existing marketing is to combine these entities to form a match program that would involve restaurants and City Market.

As far as promotional deals, one idea from the Shops and Services group was to bring a bus load of people in from Princeton for the afternoon, perhaps during Restaurant Week, and provide them with \$10 vouchers to be used downtown. Another participant said that the Zimmerli museum is one of the city's best kept secrets, and that it should probably be promoted to a greater extent.

Transportation

One common suggestion among participants was the addition of bike lanes and bike parking through the downtown. One participant noted that there are plans to develop a road that goes straight from the train station to the theaters, which would be a perfect place to put a bike lane.

In relation to parking, one participant mentioned that there are plans to give mopeds and motorcycles their own parking with reduced rates, or extended meter time. This could attract new people, cut down on emissions, and reduce some of the car parking demand. In response to the idea of parking validation, the Arts and Culture group recalled that the previous validation system in New Brunswick was not cost effective, and City Market lost money.

Signage and Information

Another common suggestion among focus groups was additional and improved signage in the city. The Arts and Culture group stated that signage for parking needs to be bigger and illuminated, especially at night. They also suggested the addition of an electronic signboard or marquee that would list upcoming events in the downtown. For further customer information, it

would be helpful to provide New Brunswick visitor information at a staffed kiosk. However, one participant mentioned this may be included in the new Gateway building.

Events

The Arts and Culture group suggested several events that could increase visitors to New Brunswick. These events included a Theater Week, festivals (though they may be very time consuming to plan), and a Paint the Town event inviting artists to paint scenes around the town while passers-by stop and watch. They also suggested attracting more art galleries to the downtown other than Alfa Art, so that New Brunswick could have a monthly free gallery-viewing day, such as “First Fridays” in Philadelphia.

Public Art

The Arts and Culture group suggested several ways to implement public art into New Brunswick to help in place-making. These suggestions included a sculpture garden, decorative painting of electrical boxes, bike parking racks that are decorative public sculptures, and a fiberglass “Scarlet Knight” sculpture.

The Shops and Services group also mentioned that a window decorator was hired about 15 years ago. They recalled that it went very well, and suggested that City Market consider reviving it. However, they noted that the window-fronts were only done for George Street, and suggested that City Market expand this decoration to include the side streets as well.

Implementation Strategies

The Arts and Culture group had several ideas for ways to help implement some of these many recommendations. Among these ideas, they suggested that New Brunswick hire a dedicated grant writer, allow investment from Rutgers, and call for strategic plan proposals from students at Rutgers’s Business School and the Bloustein School.

CONCLUSIONS

From what was gathered at the focus groups, it seems that overall, the businesses were satisfied with the services being provided by the NBCM. All groups wanted to see more coordination and perhaps through this coordination, some of these issues could be further discussed and addressed. Given time constraints, there were not as many businesses in attendance of the focus groups as desired. Therefore, it could be beneficial to hold more focus groups or find other ways to reach out to businesses, such as a survey, to get a more representative understanding of SID concerns and needs.

Appendix A
-
Focus Group Questions Template

Focus Group Questions

Objectives: To determine the businesses' knowledge of the SID and services provided by New Brunswick City Market. To inquire about the businesses' thoughts on how NBCM can better serve their needs, and how they can contribute to the overall success of the downtown.

You all belong to the New Brunswick Special Improvement District, or the SID. As you know, the SID is operated by New Brunswick City Market. NBCM asked us to help them evaluate the work they're doing and get feedback from SID members so that they can proceed in a direction that best meets the needs of their members and maximizes the return for their investment.

What do you see as the **strengths** of New Brunswick in respect to [**dining and nightlife**, shops & services, arts & culture]?

What do you see as the **weaknesses**?

Are you aware of the various **services** that New Brunswick City Market provides for the SID?
Such as Clean Streets, Graffiti Removal and Power Washing, Landscaping and Watering, Downtown Security, General District Improvements, Façade Improvements, Awning Replacement.

Marketing & promotion.

Which of these services do you see as the **most beneficial** to your business?

How can these services be **improved**?

Are there any **activities** the NBCM doesn't currently provide that you'd like to see?

Are you aware of the **Facade Improvement Grant Program**? Do you participate in this program?

The program makes available one-time grants of up to 25% of total project cost (to a maximum of \$4,000 per grant) for exterior rehabilitation of commercial and mixed-use structures in the S.I.D.

How can it be **improved**?

Are you satisfied with the **relationship** you currently have with the New Brunswick City Market not only in terms of services provided, but in cooperation and your involvement in the SID?

How can it be improved?

How do you **stay informed** of NBCM's updates of activities and services? For example, their

website, Twitter...

Do you feel that the **website** is beneficial for your business? How?

What can be added to the **website** to better serve your business?

Has the **economic downturn** affected your business? If so, in what ways and what have you been doing to weather the recession?

Is there anything we haven't covered or discussed that you'd like to add?

Thank you for your time!

Appendix B
-
Individual Focus Group Summaries

Shops and Services Focus Group

Participants:

Mike Barrood – Mike’s Courtside

George Barrood – George Barrood, Esq.

Greg Ritter – George Street Camera

Mohammed Chowdhury – Beauty Plus

New Brunswick Strengths

All participants agreed that the city’s driving forces are its restaurants and theaters. One commented that the biggest weakness is the lack of boutique and specialty stores to attract people during the daytime. Another disagreed, saying that you can buy anything in New Brunswick, just not from a name-brand store.

New Brunswick Weaknesses

Vacant buildings are a weakness. As one participant said, “Any new business that comes in [to New Brunswick] is welcome”.

One said that the biggest weakness he hears about is a lack of parking, and yet, there’s lots of parking around. Many people seem deterred by parking in decks, paying for metered parking, or having to walk some distance from their car to their destination. Parking isn’t much of a problem at night, though, since the decks are free and there is more on-street parking available.

The weakest business time for all is the summer, since the university isn’t as active and many people go on vacation.

Cohesion and interaction among local owners

Most agreed that they have some communication with neighboring owners, but it is difficult to go out and talk with others because they are all busy running small businesses. They agreed that one of the best things about City Market is its ability to bring business owners together to discuss ideas.

Awareness of City Market programs and events

All were aware of what City Market does thanks to emails, letters, and face-to-face visits. However, it was agreed that such letters often go unread, and that face-to-face visits are more helpful. One thing discussed was the prospect of getting City Market an intern who will visit all of the businesses personally, since the current staff member is often too busy with other tasks.

Façade Improvement Grants

All appreciated the façade program. One had used the grant, but it was about 10 years ago. George and Mike are landlords, and they had one of their tenants use the grant to get an awning, saying that the tenant probably wouldn’t have gotten an awning otherwise.

Children’s Programming

George loves the Christmas event because he brings his children, while other events aren’t geared so much toward kids. Nevertheless, he isn’t sure how much other children’s programming would help local business owners. As he sees it, the more important demographics are the Rutgers students and faculty, professionals, and jurors at the courthouse. The flooding of downtown with children when State Theater has Sesame Street was mentioned. He also noted that people seldom know about children’s menus offered by local restaurants.

Windowfronts

A window decorator was hired about 15 years ago. It went really well, so it is something City Market might consider reviving.

George noted that City Market only does the windowfronts for George Street, and may want to expand down the side streets.

Programming Ideas

Somehow coming up with a way to keep jurors in town after they've been in the court all day, since they've been forced to come to the city and have already overcome the parking hurdle.

Mohammed noted that he has seen many more Indian people on George Street when the State Theater has had recent Indian events. Given the large Indian population in the area, especially in Edison, this could be a good demographic to target.

George suggested a New Brunswick networking event to help the local white-collar professionals. He also suggested speed dating.

The State Theater has recently expanded their events to include things for younger and more diverse audiences and, as Greg noted, "the restaurants thank them for it". Such events do better than traditional plays that generally attract an elderly crowd that may not want to go to dinner beforehand or stay late for drinks.

There was talk of coordinating special events or promotions among the businesses in conjunction with certain targeted events at the State Theater.

George suggested bringing a bus load of people in from Princeton for the afternoon, perhaps during Restaurant Week, and providing them with \$10 vouchers to be used downtown.

The Zimmerli museum is one of the city's best kept secrets, and should probably be promoted to a greater extent.

Website

Although some had used the website to list their promotions, not a single one of them (except Greg, who works with City Market) knew the name of the website. None of them have visited it.

TEA

Apparently there are plans to develop a road that goes straight from the train station to the theaters, which would be a perfect place to put a bike lane.

Mopeds and motorcycles should be encouraged by having their own parking, reduced rates, or extended meter time in order to attract new people, cut down on emissions, and take away some of the car parking demand.

Dining and Nightlife Focus Group Summary

Jack Blauvelt – Jersey Subs

Francis Schott-Stage Left

Michael Tublin-New Brunswick Jazz Project

Strengths

The panel for this particular focus group was comprised of various business owners in the dining and nightlife category within New Brunswick. A series of questions were developed to further understand from a business owner's perspective the effectiveness of New Brunswick's Special Interest District. The first question to the panel asked them to list the strengths of New Brunswick.

The group collectively agreed that New Brunswick's location makes it an attractive city with accessibility from several modes, most importantly the train station. The members of the panel also felt that there are ample amounts of parking so if people do decide to drive into downtown there are plenty of places for them to park their cars.

In addition to its location the group felt that the city's greatest features are its' amenities, specifically the theaters, restaurants and nightlife. Pointing out that there is something for everyone, the group made the point that college students, young professionals and families can all enjoy the city in their respective ways.

Giving credit to the aesthetics of the city the panel felt that the cleanliness of the city really helps bring more people into town. Suggesting that the combination of the landscaping and the new improvements to the George Street really make New Brunswick an enticing place for people of all ages.

Weaknesses

Similar to the first question, the panel was then asked as into what they saw as some weaknesses within the city and just as they saw several strengths that the city encompasses, they also believe that there are some weaknesses. One weakness that the panel agreed on was the lack of signage within the city. New Brunswick's shape is more of a pie slice rather than a grid shape, making it slightly difficult for people who are not that familiar with the city. They feel that if there were more adequate signage for both cars and pedestrians it would make life much easier for those individuals visiting New Brunswick.

One of the members of the panel felt that the density of restaurants in the downtown area is too high and because of this many restaurants have failed over the past several years. Pointing several examples of failed restaurants such as SOHO, Daryl and Spice In, the panel member alluded to the fact that sometimes too many choices although great for consumers, can be problematic for business owners. Also adding to the competitiveness within the fine dining, there also is considerable decline in patrons that are going out to eat. This is primarily to a piece of legislation that was recently passed which prevents pharmaceutical companies for putting alcohol on a bill when courting doctors on business. This law also included Robert Wood Johnson employees as well as Rutgers faculty members from doing the same. This had a significant impact on several restaurants considering these individuals comprise of 80% of the consumers.

When asked how the panel felt about events and whether they saw it as a strength or weakness and if New Brunswick should incorporate more of them they seemed to agree that it was not really beneficial to business owners. An example that was used by one individual on the panel was the chili cook off. He felt that there was little return on investment considering the amount of time and money that goes into the process and despite the turnout the businesses don't benefit since many of the individuals don't follow up with these businesses. Another example that the same panel member makes is the tree lighting ceremony downtown that brings several people to downtown and focuses on the a variety of performances and local organizations. What the event does not do, as pointed out, is bring people into the restaurants afterwards.

Services

Members of the group were familiar with a majority of the services provided and all of them stressed that appearances matter. In terms of rankings they came to a collective agreement that security is the most important factor when it comes to people coming out to the downtowns. In cohesion with the appearances they also feel that clean streets and graffiti removal. Also included as part of the aesthetics one person believed landscaping was really important, despite the city contracting this out.

Programming Ideas

An improved marketing program needs to be implemented that promotes theaters, restaurants and hotels. Many businesses have their own marketing program with the exception of some of the smaller restaurants. One way to improve the existing marketing is to combine these entities to form a match program that would involve restaurants and NBCM.

A question that often arises is many businesses don't understand how the money is spent and they need to be informed. A pie chart that shows how the monies are allocated on the website would be beneficial to see if their investments are worthwhile or not.

Theater week in cohesion with restaurant week is another suggestion that member of the group agreed upon. In the past New Brunswick's restaurant week has been successful, but has slowed over the past couple of years.

Arts & Culture Focus Group Summary

Five participants – November 1, 2011, 1-3pm

Chris Kourtev, Alfa Art Gallery

Jean Holtz and Tracey O'Reggio, New Brunswick Cultural Center

Marshall Jones, Crossroads Theater Company

Rebecca Brenowitz, Zimmerli Art Museum

- New Brunswick Strengths
 - Very walkable
 - Recently-improved streetscape that is a nice, attractive place to walk
 - Benches utilized everywhere
 - Many venues within close proximity to each other
 - Many of the restaurants have seating outside
 - Restaurants have varying price ranges and flavors to attract a variety of customers
 - All the features of a big city in a small city
 - A more positive effect of the recent transit fare and toll increases: people have begun to re-explore their local areas
 - "New Brunswick is very 'Central Jersey' – you can eat, live, and work right here"
 - Businesses and arts centers in New Brunswick work together, share resources, promote the city
 - Adequate parking, though no one seems to know it
 - Public transportation very helpful – actors can easily travel from NYC
 - Rutgers

- New Brunswick Weaknesses
 - Perception that NB is not safe, especially with recent issue with police department
 - But victims are usually unaware of their surroundings, walking alone late at night
 - Perception that there is insufficient parking, especially at night
 - Aging facilities with long term maintenance needs
 - Traffic, especially along Route 18 during rush hour
 - Boyd Park can't live up to its potential – surrounded by Route 18 and a flood-prone river
 - Signage to promote downtown
 - Currently, only a "Theater District" sign on 287
 - More needed, with tasteful design
 - Landlords charge too much for rent, cause higher business turnover rate because they can't afford to stay

- Need competitive rents
 - Lack of rent regulation to keep good businesses stable
 - No bike lanes – could help improve access (ex: Brooklyn)
- NBCM – most beneficial services:
 - Graffiti removal
 - Power washing
 - Access to information
 - Strong board members
- NBCM – weaknesses:
 - Lack of enforcement
 - Understaffed – only 2 people, gets a bad rap unfairly
 - Businesses take advantage of services, don't clean because "that's their [the SID's] responsibility"
 - Providing incentive for businesses to move in can mean no taxes toward NBCM
 - This issue should be addressed
- Website
 - Don't usually check it regularly, not meant for us – meant for people coming to NB
 - We're familiar with its contents, and get updates via email from NBCM
 - NBCM asks us for updates to post to the website
 - One person suggested that it might be better if businesses had the option to post updates themselves with a friendly user interface
 - Some don't agree – not enough time to maintain the website themselves
- What we'd like to see:
 - Signage for parking needs to be bigger & illuminated, especially at night
 - An electronic signboard/kiosk/marquee with upcoming events
 - NB visitor information available at a staffed kiosk
 - May be included in new Gateway building
 - Theater Week (similar to Restaurant Week)
 - Paint the Town
 - Artists paint scenes around the town, people watch)
 - More public art
 - Sculpture garden
 - Electrical box painting
 - Bike racks that are public sculpture
 - Bike lanes
 - Festivals (though time consuming)
 - Fiberglass "Scarlett Knight" sculpture
 - Attract more art galleries downtown, other than just Alfa Art
 - Could have "First Friday" like in Philly – free days/times
 - More local, Latino presence in downtown
- To help implement these suggestions, could use:
 - A grant writer
 - Buy-in from Rutgers
 - Strategic plan projects from students at Rutgers' business school

- Should speak with City of NB about feasibility – specifically, speak with:
 - Parks & Rec
 - Public Works
 - Economic Development
 - School Superintendent
 - Parking Authority
- Façade improvement grants do not provide enough money to do anything
- Parking validation system wasn't cost effective, NBCM lost money – no longer offer this service
- All participants satisfied with their relationship with NBCM
 - Cooperative
 - Involved
 - Extremely responsive and responsible
 - Pam is a “supreme multi-tasker”
 - Follows through
 - “NBCM’s money is gravy”
- Current economy and recovery is challenging because “consumer confidence is extremely low”
 - Students only see shows/museums when it is required by classes
 - Discounts don't make much difference
 - Marketing “free” very important for attracting students
 - Current generation is the most price-sensitive yet
 - Even if people are employed, they save money because it could be them next (could lose their job)
 - Entertainment money is harder to come by
 - When things turn around, we can push the uniqueness of NB – the cultural/arts/entertainment aspects of NB
- Need NB to be safe, convenient, and clean

**POLICY – ENHANCING THE NEW BRUNSWICK
SPECIAL IMPROVEMENT DISTRICT**

Improved Assessment/Charging



Beatrice Burgis
Brian Gibbons
Ena Kumar
Keara Mehlert
Chong Hun Park

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GENERAL INTRODUCTION AND SUMMARY

Special Improvement Districts (SIDS) and Business Improvement Districts (BIDS) first appeared in New Jersey in 1985, with the enactment of enabling legislation, and Cranford and Trenton City's establishment of BIDS that same year. Currently, there are 77 BIDS in the state of New Jersey. BID/SID funding is one of the most critical issues to the organization's success. Success is determined by the degree to which the BID positively impacts business members, and also the community as a whole.

This report examines the assessment component of BID budgets. Various methods of assessment are discussed, citing examples from New Jersey and national municipalities. Also included is a brief discussion of current New Brunswick City Market assessment practices, and some possible alternatives in terms of methods and SID area.

The report comprises the following sections:

- Section I: Methods of Special Improvement District Assessments
- Section II: NBCM Assessments
- Section III: Alternatives For NBCM To Consider
- Section IV: Exploring The Expansion of the NBCM SID Assessment Area
- Section V: Conclusion

All BIDs and SIDs share a common goal: to “enhance the overall recognition, visibility, and ultimately the draw to the district” (Brennan et al ppt). However, the 77 BIDs in New Jersey approach their assessments in several distinct ways. On average, in New Jersey, assessments count for about 57% of a BID's budget (ibid). To demonstrate the range, Wildwood's BID assessment counts for 9% of its budget, while in Montclair, the BID uses 100% of the assessment for its budget (ibid). Also, there are many ways to divide the cost of the BID amongst the member businesses. According to a survey conducted by the Institute of Business District Management at Rutgers, about 84% collect assessments based on the assessed valuation of real estate (Grossman 2011). The same survey results show that about 16% of BIDs in New Jersey use a linear square front footage method of calculating assessments for their districts (Grossman 2011). New Brunswick City Market uses a method of differentiating assessments based on land use, which will be explained more in detail in Section III. The next section examines methods of assessments commonly used in BID and SID charging.

I. METHODS OF SPECIAL IMPROVEMENT DISTRICT ASSESSMENTS

A. Physical Scale for SID Assessments

Many Special Improvement Districts in New Jersey and on a national level have determined SID assessment values by measuring the physical scale of properties in the area. This method is based on the idea that larger properties will benefit more from the services and activities of the SID, and therefore should pay a higher assessment. There are two primary measures of physical scale: a building's street frontage, which is the length of the property that lies along the sidewalk or street, and the total square footage of a building. While frontage can be an appropriate measure regarding street and sidewalk related SID activities, most SIDs use total square feet to determine a property's assessment. Essentially, the SID's total budget divided by the total square feet of buildings in the SID will give the cost per square foot assessment amount (Burchell, Listokin 27). Measuring the physical scale of SID properties is a relatively simple and straightforward method; basic calculations and easy-to-find building size information can make it attractive to SIDs. However, this method does not take into account the use or function of properties in a SID. A large property, such as an office building or warehouse does not necessarily benefit from a SID's services, while a smaller retail store or restaurant may see greater advantages.

Physical Scale SID Charging: National Examples

The Grand Central Partnership (GCP) Business Improvement District in Manhattan is a large-scale example of a SID that uses physical scale to determine assessment values. The BID encompasses seventy square blocks which includes 76 million square feet of office space, retail, and large department stores. To assess individual property owners, the BID's total budget of \$11 million (in 2005) is divided by the total square feet within the district, which yields a charge of about \$0.15 per square foot. The resulting actual rates are \$0.1594 for properties located in the original fifty blocks of the BID, and \$0.1078 for properties located in an adjacent twenty block area (Listokin et.al. 19).

Since GCP was founded in the mid-1980s, the BID's assessment charging method has not been changed. According to Marc Wurzel, General Counsel of GCP, charging properties based on billable square footage has many benefits and the BID and property owners have been happy with the method. It is easy to collect data for, and square footage is a simple concept to explain to property owners within the BID. In addition, it provides GCP with stability and enables the board of directors to financially plan for the future. There are properties within the BID, such as the MetLife building, that have much greater square footage than others (similar to Johnson & Johnson in New Brunswick), and therefore pay a larger assessment. However, GCP works to ensure that these property owners have a greater role on the BID board of directors and have more influence on the direction of the budget and BID activities. Ultimately, GCP feels that its activities can help attract more tenants and increase property values, which benefits all properties in the BID, regardless of their size.

Physical Scale SID Charging: New Jersey Examples

In New Jersey, around 16% of SIDs use physical scale to assess properties within their districts. The Englewood SID uses the same calculation described above for the Grand Central BID: its annual budget of \$120,000 divided by the 1 million square feet in the SID results in an assessment of \$0.12 per square foot for individual properties. In Jersey City, the Central Avenue SID charges \$15 per linear square feet for retail properties. The average commercial property storefront is 25 feet; therefore the average assessment is \$375 per year (CASID 2011). The McGinley Square Partnership SID, also in Jersey City, uses a similar method by charging \$14.70 per linear footage for any property in the district (Listokin et. al 65).

B. Value for SID Assessments

Property value is often used to assess SID charges as at least some of the characteristics that relate to property value may relate to the extent which a property may draw on SID services. Desirable location, sought after features such as extended frontage, size, and other characteristics strongly reflect the value of a property. Among the most typical approaches is to charge a property proportionately to its share of total value within a district. For example:

$$\text{Individual Assessment} = \frac{\text{Assessed Property Value of an Individual Property}}{\text{Total Assessed Property Value of the SID}} \times \frac{\text{Annual SID Budget}}{\text{SID Budget}}$$

A major concern with this approach is in regards to whether property value actually equates with the demand for, and draws on, SID services.

Basing assessment on property value can also inevitably lead to controversy and dissatisfaction among participating businesses who are supposed to be the beneficiaries of the SID. Inequities in assessment can occur when two otherwise very similar buildings can have vast differences in assessed value. Therefore, the one building assessed at a higher rate than the other would pay more in charges. Errors can be common as there are inherent difficulties in declaring the value of large and complex properties. Also, tax abatements can be a further impediment to equity in using this method. As a method to increase and attract investment in older areas, tax breaks are often used where a property is kept at a previous lower assessment for an extended time over the period of a number of years. The effect of this practice prevents those receiving the tax breaks from paying their share of what they would otherwise pay if they were not beneficiaries of such a break.

Value Scale SID Charging: National Examples

A prominent example that utilizes the method of assessing SID charges based on property value is the Center City Philadelphia SID. The SID, which includes more than 2000 property owners, is eighty square blocks and spans the heart of Center City, or downtown, Philadelphia. The entire enclosed area has a total assessed value of \$3 billion, while the SID has an operating budget of about \$14.5 million. The charge given to any property is its assessed value proportionate to the the total tax base of \$3 billion. This percentage is then applied to the \$14.5 million SID outlay (Listokin, et. al, 2009). This method results in the properties within the area paying an extremely

wide range of charges, with any particular property paying from a little over \$1 to over \$350,000.

Value Scale SID Charging: New Jersey Examples

In New Jersey, the majority of SIDs use property value to gauge benefit and to assess charges. It is by far the most prevalent method of calculating assessment, as 84% of BIDS throughout the entire state base the assessment on assessed value for real estate taxes (Becker, Grossman, DosSantos, 2011). Districts as diverse as Atlantic City, Cranford, Elizabeth, Freehold, Fords, Hackensack, Morristown, Somerville, and various others all engage in this practice. In each of those cases, a property's apportionment of the SID expenses is proportionate to its relative share of the total tax base of the entire district.

While the majority of SIDs throughout New Jersey use value to base their assessment charges, the methods on how to use the value varies more widely. For example, both Morristown and Newark Downtown District charge individual properties 10.5 cents per \$100 assessment, without regard to any other circumstance. Meanwhile, in Somerville, the Somerville District Management Corporation charges 8.7% of total property tax. For another example, Union Center uses the total assessed value of a property and charges a total of 0.9% of that value. The variation proves that there is no uniform method in regards to value or one that has proven to be the best or perhaps fairest.

C. Land Use for SID Assessment

Another more complex approach to benefits assessments are to measure and differentiate based on the type of land use. An example of of this scenario is to assess the benefits in the SID is to differentiate between uses such as office space, retail, warehousing, etc.

Land Use Scale SID Charging: National Examples

Buffalo, New York uses something called a 'Special Charge Formula (SCF)', "that factors three considerations: Basis, Location and Use (Burchell & Listokin 30)." The formula used is listed below:

$$\textit{Special Charge Formula} = \textit{Basis} \times \textit{Location} \times \textit{Use Factor}$$

The Basis factor uses two benefit assessment criteria of the average of:

1. Each property's percentage of total district square footage and
2. Each property's assessed value of total district assessed value to give the value for the Basis factor.

The second factor, Location uses the variables of a zone or proximity of assessing the SID benefits/charges. For example, properties that are closer to a central SID area or improvement should be charged more than properties that are further away. In the case for Buffalo the determining factor was whether or not a property was located on or off a 1.25 mile transit mall.

Location Measures Proximity to Transit Mall

on mall = 100% zone

off mall = 50% zone

The third factor is Use. Similar to the New Brunswick City Market (NBCM) assessment structure, properties are differentiated by the type of use, but the Buffalo model offers more of an extensive break down with nine classifications rather than the four NBCM uses. The hierarchy of uses and a breakdown of assessment rates for Buffalo are listed below:

<i>Higher demand on SID services</i>	a. retail b. entertainment / restaurant c. commercial parking	<i>more intensive 110%</i>
	-----	-----
	d. office e. residential f. vacant space if 50% or less than total property	<i>avg intensive 100%</i>
	-----	-----
<i>Lower demand on SID services</i>	g. industrial, wholesale, warehouse, and non-commercial parking h. vacant space if more than 50% of total property	<i>less intensive 80%</i>
	-----	-----
	i. religious / educational / charitable	<i>none 0%</i>

In summary, Buffalo uses the three variables of basis, location and type of use to determine their “special charge formula” or their SID assessments. By taking this model from Buffalo, NBCM may benefit by incorporating the following factors:

Basis

- Take into account the total square footage percentage within the SID district.

Location

- Take into account the distance from a central area such as George Street.

Use

- Further differentiate and classify the uses within the SID.

Seattle, Washington is another example of a SID that assesses based on the type of land use. The city has three SIDs within it “operated by the Downtown Seattle Association, referred to as the “Retail Core,” “Waterfront,” and “First/Second Avenue” districts (Burchell & Listokin 32). The formula used for the assessment is shown below:

$$SID\ Charge = Marketing\ Rate + Common\ Area\ Maintenance\ Rate$$

The two components above comprise the basic activities of the Seattle SIDs: marketing, promotion, advertising, events), and maintenance (supplemental security and sanitation). The total expenses incurred for marketing and maintenance are assessed in terms of a charge per square foot related to footage of all uses served by each SID. Marketing and maintenance charge per square foot is differentiated by use, with a higher charge for services that benefit most from the activities in the SID.

For example, when considering maintenance and security, the first floor retail was charged more per square foot than retail space at basement or upper-floor levels, and non-retail were charged the least in this group.

With regards to marketing, similar to maintenance and security, the first-floor retail was charged the highest, basement and upper-floor retail was charged the next highest along with other uses such as office and hotel were charged lower. The hierarchy of assessments are shown below:

<i>Higher Assessments</i>	<p>Ground floor retail is charged the most</p> <p>-----</p> <p>Basement and upper-floor retail have the next highest charge</p> <p>-----</p> <p>Office and hotel comes next depending on the specific SID.</p> <ul style="list-style-type: none"> • office and hotel sometimes charged the same (Retail Core SID) • hotel charged somewhat more than office (Waterfront SID) • or somewhat less (First/Second Avenue SID) on a space-equivalent, per-square-foot basis. <p>-----</p>
<i>Lower Assessments</i>	<p>Residential is charged the least.</p>

A breakdown of three separate SIDs in Seattle and the charges for each one are shown in the table below:

**Downtown Seattle Association Special Improvement Districts
(Examples)**

<i>Special Improvement Districts (BIA) ¹</i>	<i>Year Incorporated</i>	<i>District Size</i>	<i>SID Activities/ Programs</i>	<i>SID Charges</i>
Retail Core	1986	275 taxpayer s	<ul style="list-style-type: none"> • Graffiti removal • Marketing/promotion/ special events • Security • Sidewalk cleaning • Flower planting • Organizations/op erations 	<ul style="list-style-type: none"> • Ground-floor retail space \$.36 sq.ft. • Basement, 2nd and 3rd floor retail space \$.24 sq.ft. • Multi-level retail with more than 100,000 sq.ft. \$.36 sq.ft.—ground flr. \$.24 sq.ft.—next floor • Parking garages and lots \$ 7. 00 per space • Other space (including office, hotels, theaters) \$.012 sq.ft.
Waterfront	1990	100 taxpayer s	<ul style="list-style-type: none"> • Marketing/promotion/ special events • Organizations/op erations • Security • Water cleanup 	<ul style="list-style-type: none"> • Retail space \$.05–\$.15 sq.ft.² • Other space (including office) \$.03–\$.08 sq.ft.² • Commercial hotel \$20.00–\$30.00 per room² • Parking lots and garages \$5.00–\$7.00 per space² • Pier aprons .02 sq.ft. • Permanent business moorage \$ 3. sq.ft. • Transient moorage \$40.00 per slip • Open water \$.02 sq.ft.
First Ave. Second A v e.	1990	300 taxpayer s	<ul style="list-style-type: none"> • Marketing/promotion/ special events • Organizations/op eration • Security • Sidewalk cleaning 	<ul style="list-style-type: none"> • Retail space (ground level and below) \$.15 sq.ft. • Other space (including office) \$.12 sq.ft. • Parking garages and lots \$ 6.00 per space • Commercial hotels \$20.00 per room • Residential apartments and Residential condominiums \$.05 sq.ft. • Undeveloped space \$.025 sq.ft.

Notes: 1. In Seattle, the Special Improvement District is termed a "Business Improvement Area," or BIA.
2. Varies by pier location.

Source: Downtown Seattle Association, February 1995

In summary, Seattle bases their assessments based on land uses in the three SIDs in the city. As shown in the tables above, the SIDs have distinctly different land-use charges based on their

categories of use. By using the Seattle SID model, NBCM may benefit by incorporating the following factors:

- Take into account the total square footage percentage within the SID district.
- A further breakdown of assessments based on the different floor/level uses.
- Incorporate assessments based on benefit areas.
- Separate the SID into different zones, which in turn can be used to assess different activities and functions depending on the zone.
- Further differentiate and classify the uses within the SID.

Land Use Scale SID Charging: New Jersey Examples

Journal Square (Jersey City) is a New Jersey example of a SID that chose to differentiate SID benefits and charge by land-use type. The hierarchy of assessments are shown below:

<i>Higher Assessments</i>	Retail was assigned the greatest share of SID costs - about half.

	Office was assigned one-third of the SID's expenses.

<i>Lower Assessments</i>	Other land uses - parking and residential, in that order - were assigned the remaining amounts.

The assessment basis for the SID was apportioned “according to the ‘perceived benefit to each class’” (Burchell, Listokin & Associates Interview 1995b). It was a not a representation of the actual projected land uses. For example, retail did not make up 50% of the SID tax base, but was assigned a 50% share based on the “perceived benefit to each class” approach. Once the apportionment of land use was made, the assessment rates were calculated for Journal Square. The assessment rates are shown below:

**Jersey City, New Jersey "Journal Square" Special Improvement District
Special Improvement District Fund-raising Formula/Charges**

SID Fund-raising Formula/Charges

I. Identify proportional SID benefits/costs received by each land-use category.

LAND-USE CATEGORY	APPORTIONED BENEFITS/COSTS	SID
1. Retail		
2. Office	48%	
3. Parking	33	
4. Residential	14	
	<u>5</u>	
	100%	

II. Identify "benefit area" for each land-use category.

LAND-USE CATEGORY	"BENEFIT AREA"
1. Retail	Total retail frontage
2. Office	Total square footage
3. Parking	Total square footage
4. Residential	Total units

III. Calculate SID charges by land-use category by dividing apportioned SID benefits/costs by benefit area.

(A) LAND-USE CATEGORY	(B) APPORTIONED SID BENEFITS/COSTS	(C) "BENEFIT AREA"	(D) SID CHARGES (B ÷ C)
1. Retail	48%	Total retail frontage	\$21 per front foot
2. Office	33	Total square	\$0.10 per sq.ft.
3. Parking	14	footage	\$0.08 per sq.ft.
4. Residential	<u>5</u>	Total square	\$30 per unit
	100%	footage	
		Total units	

Source: Journal Square, Jersey City Special Improvement District, February 1995

It is unsure whether or not the Journal Square SID assessments are working for the SID or not. The SID seems to suffer from the same issue as New Brunswick in that it lacks further differentiation and classification of land uses. More research will be needed to assess their satisfaction with their current assessment methods.

Red Bank, NJ similar to the Buffalo and Seattle SID assessment uses location as a variable in determining the SID assessment values. In their methodology to determine the rates, there is no

exact formula for classification of the properties. They are separated in five zones as shown in the table below:

SID Zones	Location	Assessment Rates (in cents) per \$100 of assessed value
SID-1	Parcels NOT on Broad or Monmouth Street	9.9
SID-2	Broad Street	9.9
SID-3	Monmouth Street	13.4
SID-4	Corner of Broad and Monmouth Street	13.4
SID-5	“Operations Only”	9.3

As mentioned above, there is no exact formula in determining the assessment rates based on location. Their process revolves around the board of the SID determining the budget for the year and then getting the amount approved by the Borough of Red Bank. The budget then goes to CFO of the Borough who then determines the rates for the SID based on the budget. It is important to keep in mind that the budget for Rivercenter (Red Bank SID) has decreased over the past four years.

Washington Borough, NJ in Warren County is similar to NBCM in that it uses a rate, based on classification on type of commercial use (retail & commercial, industrial or apartment), but it also incorporates the proximity to the central business district (CBD). The 2003 BID Assessments for Washington Borough are shown below:

Zone	Type	Rate
4A	Commercial (178 properties)	\$.00275
4B	Industrial (14 properties)	\$.00155
4C	Apartment Buildings (19 properties)	\$.00155

More research will be needed to get more current rates on the Washington Borough CBD as well as more detailed methods on assessments, but the district is another NJ example of a case where the land use is utilized for a BID assessment.

II. NBCM ASSESSMENTS

NBCM first attempted to formulate assessment tiers based on property valuations. However, this method was contested by Johnson & Johnson, who at the time reasoned that its assessment would exceed other properties significantly. So, Johnson & Johnson offered a fixed amount, while NBCM was then left to assess other properties in whatever manner they saw fit. NBCM

came up with a four-tier system based on some ranges they established, and then sorted properties into the tiers. This system resembles a form of a land use charging method. NBCM's assessment method is summarized here:

New Brunswick City Market's downtown assessment formula:

The Assessed value of each property, multiplied by S.I.D. tax rate, which is based on property classification: mixed use, pilot mixed use, hotel, 100 percent owner-occupied office, pilot 100 percent owner-occupied office, equates to the annual SID tax assessment paid to the Municipality.

New Brunswick carries four (4) tax rates based on the class of property:

	2005 Assessed Value (\$)	2005 NBCM Tax Rate	2005 Total Tax (\$)
Class A Properties: General Commercial & Retail	\$106,840,000	0.00236	\$252,142
Class B Properties: Fox Lance Office with Retail	\$59,500,000	0.00205	\$121,975
Class C Properties: Hotels & Telecom (no retail)	\$37,139,700	0.00114	\$42,339
Class D Properties: Corporate Headquarters	\$81,036,500	0.00081	65, 640

Total SID Taxes:

Total SID Taxes	
Class A	Ranges from \$116 for 7 Spring Street to \$69,000 for 1 Richmond Street (The Highlands)
Class B	Ranges from \$33,825 for Albany Street Plaza, 120 Albany Street to \$51,250 for Liberty Plaza, 335 George Street
Class C	Ranges from \$19,950 for Verizon Bldg, 17 Bayard Street to \$21,660 for 2 Albany Street, Hyatt Regency
Class D	Includes Johnson & Johnson, 3 Albany Street

Since the establishment of their assessment method in 1994, the assessment rates changed each year until 1998. Since that year, assessment rates for each of the four tiers have been the same. Though the current assessment rates may reflect SID and community needs and property values, it is important to reexamine these rates, as well as the changes in the local circumstances over the past 13 years. Rates may need to be reevaluated to better reflect the current local economy. See the figure below.

SID Assessment Comparison					
Class	1994	1995	1996	1997	1998
Class A Properties General Commercial & Retail	0.00183	0.00219	0.00221	0.00231	0.00236
Class B Properties Fox Lance Office w/Retail	0.00209	0.00192	0.00193	0.00203	0.00205
Class C Properties Hotel & Telecom (no retail)	0.00074	0.00077	0.00078	0.00081	0.00114
Class D Properties Corporate Headquarters	0.00047	0.00049	0.00049	0.00051	0.00081

Also, it is important to consider the NBCM assessments in context of the local public finance framework. According to the New Brunswick 2011 Abstract of Ratables, the general tax rate per \$100 is 5.333%. 2.154% is the municipal tax rate, and 39.05% is the equalization ration, or the value at which land is assessed in New Brunswick as compared to the actual market value. So, looking at each assessment tier in terms of the equalization ratio yields an equalized and constant assessment rate. The table to the left (ARE WE NUMBERING TABLES FROM 1-X THROUGHOUT THE WHOLE PAPER?) shows each equalized assessment tier.

	2011		
	Assessment Tiers	County Eq. Ratio	Constant Rate
Class A Properties	0.00236	* .3905	= 0.000922
Class B Properties	0.00205	* .3905	= 0.000801
Class C Properties	0.00114	* .3905	= 0.000445
Class D Properties	0.00081	* .3905	= 0.000316
	2011 Assessment Tiers	of Muni. Tax Rate (2.154%)	of General Tax Rate (5.333%)
Class A Properties	0.00236	10.96%	4.43%
Class B Properties	0.00205	9.52%	3.84%
Class C Properties	0.00114	5.29%	2.14%
Class D Properties	0.00081	3.76%	1.52%

Additionally, it is helpful to look at what each assessment tier pays to NBCM as a percentage of their municipal and general property tax rates. The table below shows these results. Class A properties pay the highest proportion of their municipal and general taxes to the SID, while Class D properties pay the lowest proportion of their municipal and general taxes to the SID.

Benefits to the current assessment system are that businesses, especially those who have been a part of the SID for many years, are accustomed to the rates at which they pay. This may provide for smoother cooperation from members, as they are not subjected to many changes or increases in the assessment rates. At the same time, it may improve the overall functions and success of NBCM to delve deeper into the current assessment rates and tiers to determine if they still adequately correspond to the needs of the SID. In the 13 years that have elapsed since the last change in the assessment rates, local, state, and national economic trends have changed, as well undergone the pressures of a recession. Beyond a thorough examination of the rates, NBCM may want to look at the assessment method that has been in place since the establishment of the SID and consider its origins, implications for the SID's impact, and alternative methods of assessment, as used by some New Jersey and national SIDs.

III. ALTERNATIVES FOR NBCM TO CONSIDER

New Brunswick City Market has a unique and complex assessment charging method, which has not been drastically changed since the SID was founded over twenty years ago. The following section describes three alternative charging methods and applies them to the New Brunswick SID area. These methods, described above, include physical scale, property value, and a mix of land use and distance. They have been employed in several other SIDs, both nationally and in New Jersey. These alternative methods hope to provide a snapshot of the calculations used to determine assessment rates, as well as the new charges that would be levied on various types of businesses in the SID.

A. Physical Scale SID Charging

The use of physical scale to establish assessment charging rates involves calculating the linear frontage of SID properties or the square footage of buildings within the district. Rates are determined by dividing the total SID budget by the total square footage in the district or total linear frontage in the district. This rate is then multiplied by an individual property's square feet or linear frontage to find the assessment charge. This formula is shown below:

$$\begin{array}{l} \textit{Individual} \\ \textit{Assessment} \end{array} = \frac{\textit{Gross Building Square Footage of Individual Property}}{\textit{Total Gross Building Square Footage of All Non-Tax-Exempt Properties within the SID}} \times \begin{array}{l} \textit{Annual} \\ \textit{SID} \\ \textit{Budget} \end{array}$$

While the exact NBCM budget typically changes each year, the total amount raised from assessments has been around \$500,000. This amount was used as the SID budget in each of the formulas for physical scale, as well as the property value method, which is discussed later.

For these two physical scale methods, square feet and frontage, two assessment rates were calculated for properties in the SID. First, a "flat" rate was determined by using the above formula – dividing the SID budget by the total gross square footage or linear frontage in the district. Under this approach, all properties would be assessed at the same rate. The second assessment rate that was calculated is a "weighted" rate, where properties located on George Street would be charged a higher assessment rate per square foot or linear foot than those located on side streets within the SID. The different rates are determined by splitting up the total SID budget of \$500,000 by street. For example, since George Street is the main thoroughfare within the SID, properties on that street likely see more foot traffic than those located on side streets. Therefore, to find the assessment rate for properties on George Street, half of budget (\$250,000) is divided by the total square footage or linear frontage of those specific properties. The remaining half of the budget was divided proportionally among the side streets.

Physical Scale SID Charging: Square Feet

In the NBCM district, the total square footage of all non-exempt properties is around 2.28 million square feet. When the total budget of \$500,000 is divided by this amount, the assessment rate for SID properties is .2194. This flat rate is considerably higher than any of the rates under

the current four-tier system; however, the square footage of individual properties is much lower than assessed value of properties, which the current rates are applied to. Under this square footage assessment method, Johnson & Johnson would pay \$86,226, slightly higher than what the company pays under the current method, \$65,640. The Hyatt currently pays an assessment of \$21,660 as a “Class C” property; however, using square footage, the hotel would pay \$53,556. The Verizon properties, also categorized as “Class C”, currently pay around \$20,000 would pay \$8,162 when assessed based on square footage. Finally, Rite Aid would be assessed \$2,919 based on square feet, compared to their current assessment of \$1,822.

	Current Method	Sq Feet Method
Johnson & Johnson	\$65,640	\$86,226
Hyatt	\$21,660	\$53,556
Verizon	\$20,000	\$8,162
Rite Aid	\$1,822	\$2,919
365 George St. (Beauty Plus)	\$1,301	\$827

The weighted assessment rates for square footage are based on the street location of individual properties. This type of system charges a higher rate per square foot for properties located on George Street, while side street properties would be assessed lower rates. Three rate categories were distinguished based on location: Category 1 includes all properties located on George Street; Category 2 includes all properties located along Albany Street; Category 3 includes all other side street properties in the SID. As stated earlier, these “weighted” rates are based on the assumption that George Street sees the greatest amount of foot traffic and economic activity. Albany Street is also its own category as it is one of the main entrances into New Brunswick, and is often the first thing visitors see when entering the city, especially for guests at the Hyatt, or visitors to Johnson & Johnson’s corporate headquarters. As shown in the table below, the rate for Category 1 properties is .4731, and was calculated by dividing a portion of the budget (\$250,000) by the square footage of all the properties on George Street. Category 2 was calculated in a similar fashion, by dividing \$150,000 of the budget by the square footage on Albany Street to get a rate of .1631 per square foot. The rate for Category 3 is .1203, found by dividing \$100,000 by the square footage of properties on remaining side streets.

Under this weighted assessment rate per square foot method, a Category 1 property such as Rite Aid, would pay \$6,295. Assessment charges for Category 1 properties range from \$686 for 363 George Street, to \$24,098 for Liberty Plaza at 335 George St. Category 2 consists of properties located on Albany Street, which includes Johnson & Johnson and the Hyatt hotel. Johnson & Johnson would pay an assessment of \$64,099, which is comparable to their charge under the current system. The Hyatt, the main entrance of which is located on Neilson Street, but has an Albany Street address, would pay \$39,813. The Verizon building, which measures around 37,200 square feet, is located on Bayard Street, and falls into Category 3. The telecom company’s assessment charge would be \$4,477 under this weighted rate.

	Current Method	Sq Feet (Weighted) Method
Johnson & Johnson (Category 2 = .1631)	\$65,640	\$64,099
Hyatt (Category 2 = .1631)	\$21,660	\$39,813
Verizon (Category 3 = .1203)	\$20,000	\$4,477
Rite Aid (Category 1 = .4731)	\$1,822	\$6,295

Physical Scale SID Charging: Linear Frontage

The linear frontage of all properties in the SID, that is, the number of feet a property abuts the street, is about 13,200 feet, not including exempt properties. Based on this value, the assessment rate using linear frontage for all properties would be \$37.88 per foot. Johnson & Johnson would pay \$34,358, nearly half of the company’s assessment charge under the current system. The Hyatt would pay a similar assessment of about \$34,000, which is higher than what they currently pay. Rite Aid has a linear frontage of 241 feet, so under this assessment method, the drugstore chain would pay an assessment of \$9,129, significantly higher than what is currently paid as a “Class A” property.

	Current Method	Frontage Method
Johnson & Johnson	\$65,640	\$34,358
Hyatt	\$21,660	\$34,000
Rite Aid	\$1,822	\$9,129

Weighted assessment rates for frontage were calculated similar to that of square feet. Category 1, consisting of properties on George Street, has a rate of \$94 per linear foot, which was found by dividing \$250,000 by the total linear frontage on George Street. Category 2 properties on Albany Street have a rate of \$76 per linear foot, which was found by dividing \$125,000 by the total frontage on the street. Finally, Category 3, which includes all remaining properties in the SID, has a rate of \$14 per linear foot; found by dividing \$125,000 by total remaining linear frontage. These rates were then applied to various properties in each category, as done above for square footage. Rite Aid, part of Category 1, would pay an assessment charge of \$22,650, which is significantly higher than their current SID payment. Johnson & Johnson, in Category 2, would pay \$69,555, while the Hyatt would be assessed \$69,018. A mixed-use property at 51 Bayard Street is part of Category 3, and the assessment charge on this property would be \$2,357. These weighted assessments clearly yield much different values than if a flat rate per linear foot were applied to all properties in the SID.

	Current Method	Frontage (Weighted) Method
Johnson & Johnson (Category 2 = \$76)	\$65,640	\$69,555
Hyatt (Category 2 = \$76)	\$21,660	\$69,018
51 Bayard Street (Category 3 = \$14)	\$1,972	\$2,357
Rite Aid (Category 1 = \$94)	\$1,822	\$22,650

It is clear that the weighted physical scale assessment methods will have a greater effect on smaller properties depending on their location. Larger properties such as Johnson & Johnson and the Hyatt would still pay large sums for their assessment, however, the smaller retail stores on George Street may be charged higher amounts than what they currently pay, and would be responsible for funding a greater portion of the SID assessment revenue. Weighted rates are based on the premise that certain areas of the SID benefit more directly from the SID’s activities than other less trafficked areas. In this case, George Street and Albany Street are primary roads in downtown New Brunswick, and feature the greatest amount of square footage and linear frontage. Due to their location, businesses on these streets likely see more foot traffic and activity, therefore may be subject to higher rates. There are several other ways to determine proportional assessment rates based on proximity including, trip generation, business revenues, customers per day, etc. For this analysis however, a more general approach was taken to show how this method could work for New Brunswick City Market.

Physical Scale SID Charging: Property Value

Property value is one of the more popular methods of assessment charging; over half of SIDs nationally use this method, while 86% of New Jersey SIDs determine rates based on assessed property value (Becker, Grossman, Dos Santos). To calculate the assessment rate on properties within the district, the SID budget is divided by the total assessed property values within the SID. This rate is then multiplied by an individual property’s assessed value to get the assessment charge. This formula is shown below:

$$\text{Individual Assessment} = \frac{\text{Assessed Property Value of an Individual Property}}{\text{Total Assessed Property Value of the SID}} \times \frac{\text{Annual SID Budget}}$$

Assuming once again the SID budget is around \$500,000, this amount was divided by the total assessed property value within the district boundaries. Two assessment rates were again calculated, an average rate and weighted rate.

The total assessed value of non-exempt properties in the SID is \$284,516,200. Based on this amount, the average assessment charge rate would be .00176, which is in between the current Class “B” and Class “C” rates under the NBCM four-tier assessment method. If this rate were applied to various properties in the SID, the results would yield different charging amounts than are currently being levied. Johnson & Johnson would pay \$142,411, considerably higher than

their current assessment of \$65,640, while the Hyatt would pay \$33,390; slightly higher than what the hotel currently is assessed. Verizon would pay \$17,574, based on an assessed property value of \$10 million. Rite Aid, a smaller scale, retail location would be charged \$1,357 under this assessment rate, which is slightly lower than their current assessment charge.

	Current Method	Property Value Method
Johnson & Johnson	\$65,640	\$142,411
Hyatt	\$21,660	\$33,390
Verizon	\$20,000	\$17,574
Rite Aid	\$1,822	\$1,357

The weighted rates for property value were organized similar to the physical scale rates above. Category 1 has a rate of .00513, which was calculated by dividing \$250,000 by the total assessed value of properties on George Street (\$48,775,500). Under this rate, Rite Aid would pay an assessment of \$3,958. Category 2 properties on Albany Street would have a rate of .00195, which is found by dividing \$200,000 by the total property values on the street. Johnson & Johnson would be charged \$158,222, clearly much higher than their current assessment. The rate for Category 3 is .00151, again found by dividing \$50,000 by the total assessed value of remaining side street properties. The property located at 51 Bayard would pay an assessment of \$1,262 under this rate, which is also less than what they current pay. It is important to note that Category 2 properties, which include Johnson & Johnson and the Hyatt, have a total assessed value of around \$102 million, which is significantly more than the values of Categories 1 and 3 combined. Therefore, it was difficult to calculate rates so that Category 1 has the highest rate, and Category 3 has the lowest. It is also unrealistic to allocate only \$50,000 to the remaining side street properties. As a result, weighted property values may not be the most fair and balanced assessment method for NBCM.

	Current Method	Prop. Value (Weighted) Method
Johnson & Johnson (Category 2 = .00195)	\$65,640	\$158,222
Hyatt (Category 2 = .00195)	\$21,660	\$37,097
Rite Aid (Category 1 = .00513)	\$1,822	\$3,958
51 Bayard Street (Category 3 = .00151)	\$1,972	\$1,262

It is clear that under the property value “average” assessment method, the more valuable properties obviously pay a higher assessment. This especially applies to Johnson & Johnson, which has the largest assessed property value in the SID, but may not necessarily benefit as much as a small retail store on George Street from the SID’s activities. However, property value

is a straightforward way to calculate assessment charges, it is a simple concept to convey to property owners, and is also relatively easy to find and collect.

A. Land Use

While the New Brunswick Special Improvement District has not physically expanded since its inception nearly 25 years ago, there have been significant changes to the properties within the SID. As already noted, properties were slotted into four different classes, and while these classes continue to exist, they do not fully represent the growth and diversity of the uses within. Furthermore, an in-depth review of land uses reveals multiple categories that are not being accounted for consistently or uniformly.

For instance, the properties class codes for the properties within the SID are as follows:

- 1--Vacant land
- 2-Residential (4 families or less)
- 3A and 3B--Farmland
- 4A--Commercial
- 4B--Industrial
- 4C--Apartment (residential)
- 5A and 5B--Railroad property
- 6A and 6B--Tangible personal property of public utilities
- 15--All exempt categories
- 15A--Public school
- 15B--Other school property
- 15C--Public property
- 15D--Church and other charitable
- 15E and F--Other exempt

However, a more detailed analysis reveals several subcategories. Under the “4A” category, we find restaurants, hotels, retail, mixed use developments, office/retail, banks, Johnson and Johnson headquarters, the Golden Triangle, and municipal and private parking lots. Nearly all of the properties in the “1” category are residential, even though that category is designated as “vacant”. Finally, we also encounter several properties that are listed multiple times. Verizon Telephone located at 17 Bayard Street is incorrectly listed 15 times at a net value of \$10,000,000 for each property. There are five other instances where this occurs, amounting to a total of nearly \$150,000,000 in excess net tax values. The error occurs when several properties are merged, yet each individual lot within the block retains the block’s total value. Once these properties and their values are correctly adjusted, the SID will have to reconcile its tax revenue stream so as to maintain its current budget.

In order to come up with the clearer distribution of land uses, we suggest renaming two of the existing classes and propose a reassignment of properties within those classes according to their

uses, as well as an acknowledgement of all merged properties. (see Table 1 - Technical Addendum)

The proposed classes, and their components, are as follow:

Class A Retail/Commercial	This would include all office/retail, restaurants, banks, and mixed use developments with 2 stories or less of residential.*	\$60,013,700
Class B Residential	This includes all apartments, single family dwellings, and mixed use developments with 3 stories or more of residential.*	\$13,905,800
Class C Hotels/Telecoms	The includes all hotels and telecoms	\$29,639,700
Class D Corporate HQ	This includes Johnson & Johnson HQ	\$29,639,700

TOTAL VALUE = \$181,295,700

It is important to note that the above total does not match the total of the existing Class breakdown, which is \$285,000,000. Further investigation into the “Exempt” class would be necessary to determine if any properties were erroneously classified as such.

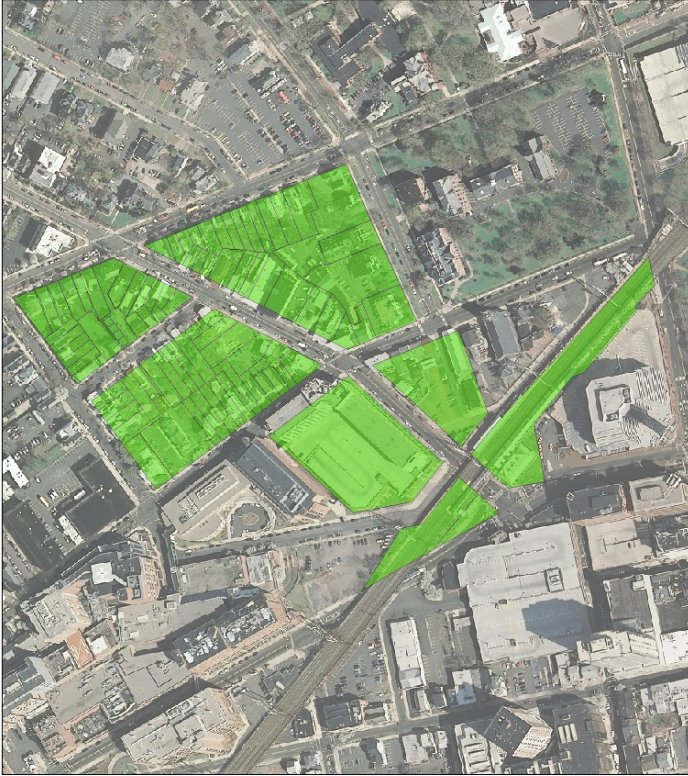
* Mixed use residential developments are divided into two categories. Those with two or less stories are classified as commercial/retail (Class A) and those with three or more stories are classified as residential (Class B). The rationale for this distinction is that mixed use buildings that have a primarily retail or commercial or office functions will benefit more as such, while those with a higher residential component will have greater residential benefits.

As far as properties that are tax exempt or have made payments in lieu of taxes (PILOT), some other methods that have been implemented nationwide may be worth consideration; City, state and federal taxes may remain exempt, while those who have prior special agreements could pay a fee. These fees could be flat, or be scaled according to number employees. Either way, the contributions would ultimately be nominal, but would also commit all properties - regardless of abatements - to a more participatory status. The benefits of this approach are that it creates a fairer charging system and is relatively easy to administer. In general the redistribution of land use categories makes assessments more equitable. However, some of the challenges to anticipate are that property owners may resist reassignment of land use codes, while exempt properties may be equally resistant to a mandatory fee.

IV. EXPLORING THE EXPANSION OF THE NBCM SID ASSESSMENT AREA

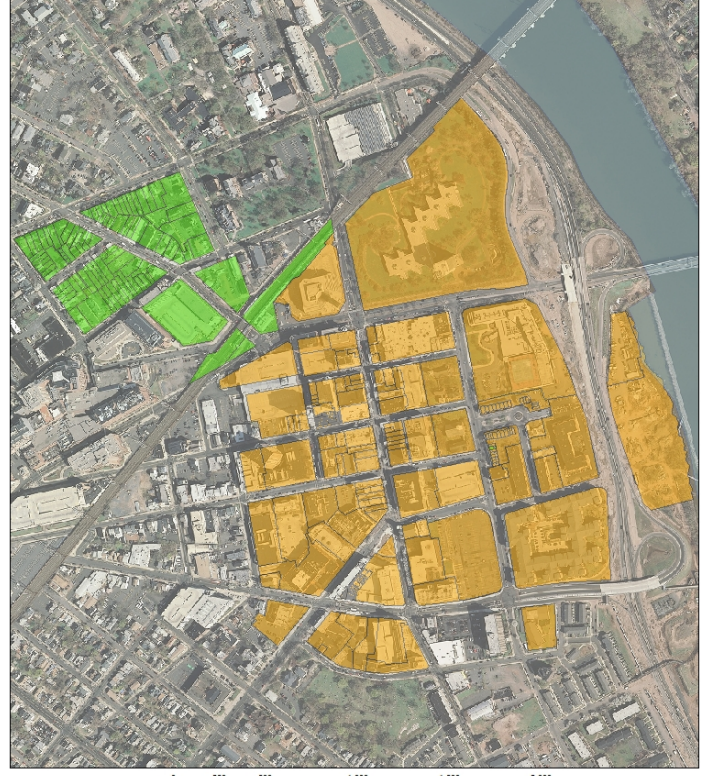
Expansion of district to include the Easton Avenue business corridor between Albany and Hamilton streets would accomplish several goals. Among them, it would achieve a seamless and continuous link between two corridors while capitalizing on student foot traffic and spending. It would also revitalize Easton Avenue’s physical appearance so as to be more similar to George street. However, there are some disadvantages as well, namely that the Gateway Center and Rutgers University are located in this corridor and carry an exempt status. Local property owners, who are unsure as to the threat the Gateway center may pose to their small, local businesses, would in all likelihood be resistant to an additional assessment.

**New Brunswick
Special Improvement District
Expansion Area**



0 125 250 500 750 1,000 Feet
Source: NJ Geographic Information Network, City of New Brunswick. Authored By: John Park

**New Brunswick
Special Improvement District with Expansion**



0 250 500 1,000 1,500 2,000 Feet
Legend: SID Expansion Area (Green), Current SID Area (Orange)
Source: NJ Geographic Information Network, City of New Brunswick. Authored By: John Park

V. CONCLUSION

As with any new system implementation, there will be challenges and resistance to change. Inevitably, there will be “winners” and losers” as assessments would be recalibrated and some property owners would be paying more while others paid less. For instance, the inclusion of a fee from some exempt properties may help offset the increase for some of the properties, while at the same time increasing the NBCM budget that benefits all. Virtually all of the methods listed here have been used in NJ to varying degrees of success.

**POLICY TO ENHANCE NEW BRUNSWICK CITY
MARKET- TAX INCREMENT FINANCING,
REVENUE ALLOCATION DISTRICT AND
ALTERNATIVES**

PREPARED BY:

Team B
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Lauren Giannullo
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SUMMARY

Special Improvement Districts, in their goal to support their local business communities, may need to invest in capital improvements and infrastructure. On a SID budget alone, this task is difficult. Fortunately, financing programs are available that SIDs can use in combination with their own district in order to successfully develop their communities. Here, we specifically address tax financing programs. Tax financing programs have great potential for development revenues and bonding capacity. In New Jersey, these programs have evolved from TIF, RAD, RAB, to the current ERG.

- Tax Increment Financing (TIF) is a development tool widely used across the country. TIF allows for future real property taxes generated by development to pay costs of construction of public infrastructure and other improvements.
- Payments in lieu of taxes (PILOTs) are made by a property, which is exempted from taxes for 30 years. Unlike traditional taxes, 95% of the payment goes to the municipality which is then available for development.
- Revenue Allocation Districts (RADs) are much like TIFs and take place in areas in need of redevelopment. All of the tax increment may be used for redevelopment purposes. However, New Jersey had only one municipality successfully utilize the program before it evolved.
- Revenue Allocation Bonds (RABs) are much like the RAD program, but are isolated to individual projects, not districts.
- Economic Redevelopment and Growth Program (ERG) is the most recent iteration of TIF programming in New Jersey. The program eliminates the need for a district to be an area in need of redevelopment but remains isolated to individual projects.

INTRODUCTION

Special Improvement Districts serve the needs of their local business and retail community. As such, infrastructure, aesthetic improvement, and overall development are often needed to advance the city's businesses. With a SID budget alone, it is difficult to provide capital improvements. However, there are financing programs that NBCM can implement in order to accomplish large scale development goals; specifically, tax programs. In the report, we Team B will detail the Tax Increment Financing (TIF) program and its various iterations. In New Jersey, TIF became the Revenue Allocation District (RAD), then the Revenue Allocation Bond (RAB), and its current iteration the Economic Redevelopment and Growth program (ERG). Every iteration brings changes to the projects allowed, areas targeted, and capital allowances. We will discuss how organizations across the nation have successfully combined their SID with a TIF type program to great benefit. Finally, we illustrate the huge revenues and leveraging capacity NBCM would incur if it were to implement such a program.

TAPPING RESOURCES FROM TAX INCREMENT FINANCING (TIF)

Introduction to TIF

Historical background

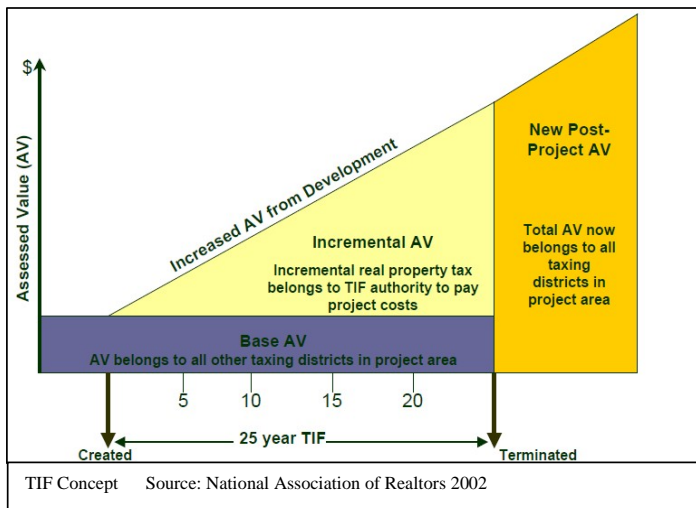
In the wake of the suburban migration during the 1950s, many city centers were left with reduced population and tax bases; at the same time the costs for downtown development began to increase due to the decaying infrastructure and other reasons, cities inevitably found that tax abatement alone would not guarantee development (Kansas City Economic Development Corporation 2011). In 1952, California passed a law to initiate a local method of self-financing the redevelopment of blighted urban areas called Tax Increment Financing (TIF). By the year 1970, only six more states had enacted laws authorizing TIF, but since then, it has spread throughout the nation. By 2011, all states including the District of Columbia (joined the list in 1998) have enabled legislation for TIF except Arizona (through it has approved individual TIF projects), but the application of generic TIF principles varies greatly across states (Valsez 2010).

Definition and overview

TIF is a financing and development tool that allows future real property taxes and other taxes generated by new development to pay costs of construction of public infrastructure and other improvements (Dye and Merriman 2000). Its original intent was to spur the redevelopment of blighted areas. However, now the use of TIF to raise project finance money has expanded into other areas, this expansion has triggered arguments from its opponents. TIF bond proceeds commonly finance projects in blighted areas for a variety of purposes associated with redevelopment, development, or

related physical infrastructure improvements, such as streets sidewalks, sewer and water, and other similar improvements (How TIF Works: Basic Mechanics, Minnesota House of Representatives Website 2011).

Basic TIF Financing Structure



TIF policies are implemented through the establishment of special tax increment districts that are distinct geographical areas. Those TIF districts (TIDs) are special taxing districts set-up to generate revenue to pay for ongoing development costs. Once the TID is created, a base year is determined. The base year is set at the beginning of the project, usually the year the TID is adopted. The assessed valuation

of property in the TID is “frozen” at the base year. The base year assessed value of property belongs to all the taxing districts in the TID. After the base year, all the assessed value in the TID belongs to the TID; this portion of the tax base is referred to as the incremental assessed value(See Figure below). The other taxing units in the TID, the general government, library district and water district, for example, do not have a legal claim to the incremental assessed value, unless specifically dictated by law. But, they still have the base assessed value. At the date the TID is terminated, the incremental assessed value reverts back to the other taxing units. The TID is dissolved, and the tax base of the overlapping taxing units is made whole, in theory at least, at a higher assessed value level (National Association of Realtors 2002).

The TIF process

The first stage is initiation of the development process. The TIF project is initiated by the public sector most of the time, and also from outside the walls of City Hall (typically by provide developers or special public authorities) . During this stage, the need to develop a specific project area is discussed by decision makers. They begin to take preliminary steps to address several development issues, including, the eligibility and needs of area, and financial feasibility and expected economic benefits from the project. In addition, a variety of public-private sector partnership scenarios may be probed to ascertain the level and breadth of interest (Weber and Goddeeris 2007).

The next step involves creating the redevelopment plan which begins with determining the geographical boundaries of the TID and followed by finding of blight or significant economic benefit. Officials also begin to flesh out the actual details of the project, including the estimation of project timeline and costs, the establishment of the termination date, and more importantly: the tax base, revenue increment, and debt financing polices (Corporation for Enterprise Development (CED) 1999).

This step includes conducting public disclosure and getting political and legal approvals. These mechanisms are designed to ensure that public projects involve public participation so that stakeholder input is infused into the decision making process. Most states require public hearings prior to plan approval or district creation. Fewer states require a hearing on the creation of the redevelopment plan and the TIF district (National Association of Realtors 2002).

The implementation phase of the TIF project from the government perspective involves providing general oversight of the construction process and managing the finances of the redevelopment authority and TIF district. The oversight includes obtaining land, preparing site, construction as well as post-construction management. The finance management involves issuing debt instruments, establishing the TIF tax base and rates, authorizing receipt and distribution of tax increments, and generating the tax increment to meet debt service payments (Council of Development Finance Agencies 2008).

The life of a TIF district should be expressly specified in statute. Maximum time limits are usually twenty to thirty years, provided that all debt has been repaid. As long as debt is outstanding, most TIF districts can exist and collect revenue. When the project is complete, and the TIF district is dissolved, it is important to conduct “exit” evaluations such as comparing the expected and real results (National Association of Realtors 2002).

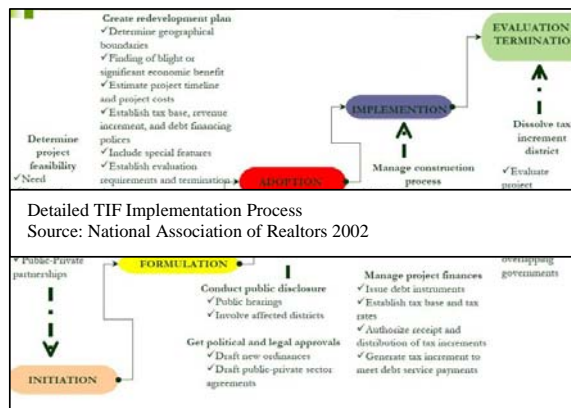
Pros and Cons of TIF

TIF has various advantages and top among the list would be the short and long term benefits for communities. Locally controlled, the additional development incentives require no tax increases in the TID. The TIF helps to increase property values, spurs private investment and development, creates jobs, and enhances and broadens the tax base (Berwyn Development Corporation 2011).

Other arguments of TIF’s supporters include: 1) the essentially cost-free nature of TIF, where the same amount of the tax that had been generated by the undeveloped property continues to go to local government; 2) the city could benefit further by the fact that after the tax break, the increased taxes go to the local governments (Dunn 2011).

TIF is also a fiscal tool used to overcome problems associated with local fiscal stress. TIF has been adopted by cities facing various forms of fiscal challenge, including tax and expenditure limitations, infrastructure demands from population growth, and declines in intergovernmental aid (National Association of Realtors 2002).

TIF districts are not without criticism. Opponents attack the definition of “blight” inherited in its definition as too broad, localities are now using TIF as a tool for business attraction and retention rather than its initial sole purpose of revitalizing depressed environments. Further, the TIF is extremely difficult to regulate because of the lack of oversight and public involvement. There is no agency at the state level charged with TIF district oversight and the public involvement in the process is through an initial public meeting to inform the local population of the decision to implement a TIF district (Santivasci 2005).



Although tax increment financing is one mechanism for local governments that does not directly rely on federal funds, some question whether TIF districts actually serve their resident populations. As investment in an area increases, it is not uncommon for real estate values to rise and for gentrification to occur (Redevelopment.com website 2009).

There are further negative claims regarding TIF. The process can lead to favoritism for politically connected developers, lawyers, economic development directors and other implementers. Moreover, approval of districts can sometimes capture one entity's future taxes without its official input. For example, a school district taxes will be frozen on action of a city and it could be drawn from non-school taxes or it could cut out non-retail properties (National Association of Realtors 2002).

Additionally, capturing the full tax increment and directing it to repay the development bonds ignores the fact that the incremental increase in property value likely requires an increase in the provision of public services, which will now have to be funded from elsewhere (often from subsidies from less economically thriving areas). For instance, the use of tax increment financing to create a large residential development means that public services from schools to public safety will need to be expanded. Yet if the full tax increment is captured to repay the development bonds, other money from non- TIF sources will have to be used (Dye and Merriman 2000).

TIF Case studies

California

California, from initiation of tax increment financing in 1952, has made considerable use of TIF districts. In 2007, 80% of the cities and 45% of the counties in California had redevelopment agencies and there were almost 800 redevelopment project areas in the state. Many of the California TIFs have contributed to promoting urban redevelopment in cities like San Diego, Oakland and Los Angeles. TIF had allowed for increases in property taxes to be reinvested within geographically defined districts. The property taxes going to TIF grew from \$1.5 billion in 1995 to \$5.7 billion in 2009, representing a 10 percent annual growth rate (Webb 2008). Also, the California TIF revenue had generated approximately \$3 billion in annual funding for redevelopment activities (California Redevelopment Association 2007).

One of the TIF applications in California is in Suisun City, which locates about halfway between San Francisco and Sacramento, in central Solano County. The city has used TIF bonds since the 1990s to stimulate growth, first only in the downtown area, and then expanded to the entire city. This application in Suisun City sheds some light on using TIF in New Brunswick. The two cities are alike, both located near Interstate Corridors, both have a historic downtown area with waterfront, and both experienced stagnation in growth back in the 1980s.

However, on January 10, 2011 newly elected California governor Brown unveiled a comprehensive plan to reduce California's projected \$25 billion deficit. One of Brown's recommendations is the complete elimination of redevelopment agencies and tax increment financing (TIF). According to the new California budget, 12% of the state's entire property tax base, or about \$5 billion, is annually encumbered by TIF. Beyond shock, the initial reaction by downtown advocates was to mobilize political capital to save redevelopment and TIF. Organizations such as the California Redevelopment Association and the California Downtown Association have banded together in a united front. Hopefully, this crisis will also spur insightful

thinking into new and improved methods to advance downtown revitalization in California (Segal 2011).

Chicago

The city of Chicago in Illinois has a significant number of TIF districts and has become a prime location for examining the benefits and shortcomings of TIF. Since TIF began in the city in 1984, 173



districts have been created with most of the growth occurring since 1996. At the same time, two Chicago TIF Districts have expired and six have been terminated. Back in 2004, 13.4 percent of Chicago’s entire property tax base and more than one-quarter of its acreage already fell under TIF designation (Nolan and Berlin 2004). As of October 2011, the city runs 165 active TIDs. Supported and popular with the administration, the objective of TIF is to help local companies expand and create employment opportunities for Chicago residents. Chicago SIDs accrue full increment in property value (“Equalized Assessed Valuation-EAV”) for all taxing districts for 23 years to build and repair roads and infrastructure, clean polluted land and put vacant properties back to productive use (City of Chicago official website 2011).



Chicago City TIF Map
Source: 2010 Chicago TIF Annual Report

Clearly, there are successful examples of Chicago TIDs. As of 2010, nearly \$4.6 billion has been collected from Chicago TIFs with a peak in 2007 and in 2010 \$50 million (2010 TIF report, 2011m, see Chart below). Assisted by Chicago TIF monies, many large projects were built, and created jobs, strengthened

Chicago’s school system,

revitalized neighborhoods, boosted the local economy, and improved the quality of life for residents. Those projects include: retail (e.g., Marshfield Plaza), manufacturing (e.g., Water Saver Faucet), affordable housing (e.g., La Estancia) and open spaces (e.g., Ping Tom Memorial Park) (City of Chicago official website 2011). Also, 35% of the cost (\$95 million) of the Millennium Park



Millennium Park Source: City of Chicago Official Website

Source: <http://www.cookcountyclerk.com/newsroom/newsfromclerk%5CPages/2010TIFReportReleased.aspx>

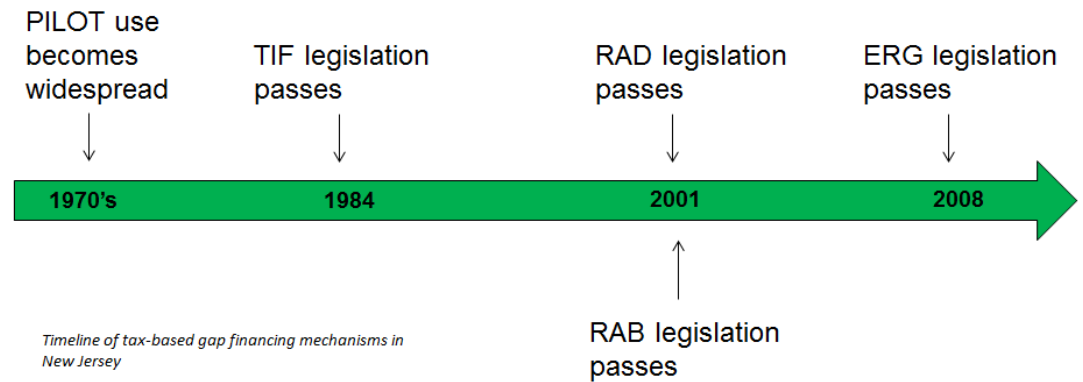
Project (See Figure below) , which aimed to upgrade infrastructure to the park, was paid by tax

increment financing bonds provided by the Chicago Central Loop TIF (Uhlir 2005). Overall, the EAV has grown by 7 percent in Chicago’s TIF districts, compared to 2.9 percent for the entire city and a TIF has increased property tax revenue growth by roughly 21 percent higher than it would have been (NCBG 2002).

There are numerous TIF critics in Chicago, including former mayor Daley. The critics argue that TIF has led to political corruption in Chicago, has been used for inappropriate investment and has taken a large share of the city’s EAV from Chicago’s overall tax “offer” (Joravsky and Dumke 2009).

THE TIF IN NEW JERSEY

Despite the fact that TIF was in use in other states as early as the 1950s, it was a late arrival to New Jersey. TIF was only adopted in New Jersey in 1984 after the request of a developer working on a project in New Brunswick (Stecker 2010, 3). It was authorized in an effort to encourage private investment in the state’s blighted areas; however, it was used only minimally in New Jersey (Stecker 2010, 2). In 1996, the TIF law was repealed when the New Jersey Redevelopment Act passed, and to replace it, in 2001 revenue allocation districts (RADs) were created (Stecker 2010, 2). While TIF was short-lived and not very effective in New Jersey, it did lead to other programs that used the concepts of TIF, such as the Revenue Allocation District program (RAD) and, later, the Economic Redevelopment and Growth (ERG) program. It also represented the kind of gap financing technique that was possible using taxes, paving the way for the use of payments in lieu of taxes.



PAYMENTS IN LIEU OF TAXES IN NEW JERSEY

Just as the TIF, RAD, and ERG programs are mechanisms to fill a gap in redevelopment financing, payments in lieu of taxes (PILOTs) function in the same way. Each of these mechanisms exists in order to make possible a project that otherwise would not be economically viable. Since PILOT fees are typically less than taxes, money is freed up and can be used towards a redevelopment project.

PILOTs are made possible by the New Jersey Long-Term Tax Exemption Law. This law allows municipalities to make agreements with redevelopers that make possible tax exemptions

in exchange for a payment in lieu of taxes; the time frame for exemptions is 30 years from completion of the project or 35 years from the execution of the financial agreement (Goldsmith and McDermott 2004). This exemption is only applicable to the improved assessed value of the property. It is not applied to the assessed land value, which is typically less than the improved value. Instead of the taxes that would otherwise be paid, the PILOT is equivalent to 15% of the annual gross revenues from the redevelopment project, or 2% of the total project costs. Almost all (95%) of the PILOT goes to the municipality, while the county collects the other 5%. PILOT enables money for the redevelopment project to flow directly to the municipality where it is located, as opposed to the moneys being siphoned off to other governmental entities, such as school districts, open space funds, etc.

Numerous municipalities in New Jersey use PILOTs. In 2009 a tax abatement was enacted in Bayonne for a power station project. The projected revenue over 30 years was estimated to be \$45 million, with Bayonne receiving 95% of that total. If the typical tax structure was in place, Bayonne would have only received approximately \$27 million (NJ Office of the State Comptroller 2010). Asbury Park, a city in the midst of massive redevelopment, is also an active user of the PILOT system. According to the city budget, in 2010 alone, the city collected \$1.196 million in PILOT fees and is projected to collect another \$1.19 million in 2010.

To put this in the broader revenue perspective for Asbury Park, in 2011 the local property tax revenue is projected to equal \$12.6 million and the total revenue from all sources is projected to equal \$43.1 million (City of Asbury Park 2011). New Brunswick also uses PILOTs. In 2011, the city expects to receive \$8.24 million in PILOT revenues. Again, for perspective, the 2011 anticipated revenues from local property taxes total \$27.1 million and the total revenue from all sources is projected to equal \$77.8 million (City of New Brunswick 2011).

The idea of PILOT has been criticized for a number of reasons. In fact, the New Jersey State Comptroller's Office published a very critical 2010 report about municipal tax abatements, such as PILOT. One criticism was that PILOT provides more funding to the municipality that it would normally receive while at the same time providing less funding for other government entities, such as school districts. This criticism illustrates a potential issue of fairness in the PILOT program. Another problem is that PILOT shifts the tax burden. New developments that would have otherwise paid taxes, but pay a PILOT in place of those taxes, result in rising tax rates elsewhere. Finally, the State Comptroller's report argues that the benefits of PILOT are never guaranteed. There is a strong argument that these kinds of tax exemptions are only one piece of the puzzle when it comes to redevelopment projects materializing. Other factors that may be just as important include workforce composition and infrastructure and transportation condition (NJ Office of the State Comptroller 2010). PILOTs are not without benefits, however. PILOT money does not come directly from either the municipality or the developer, so neither entity needs to provide out of pocket funding. In addition, PILOTs have and continue to make many redevelopment projects feasible when they otherwise would not be fiscally possible.

REVENUE ALLOCATION DISTRICTS (RADs) IN NEW JERSEY

Revenue allocation districts, commonly known as RADs, were created in 2001 after a developer requested such a mechanism to assist with a development project. RADs are yet another technique for gap financing for redevelopment projects; they enable the redirection of a number of tax sources for the purpose of funding a redevelopment project.

RADs were created for a number of reasons, but most importantly, because in many municipalities in New Jersey there were areas that existed that deterred private investment due to deterioration. This resulted in hardship to municipalities because they did not have adequate resources to deal with this issue, and therefore, resulted in a lack of tax base in many towns and cities (NJ Statute 52:27D-460). The RAD legislation allowed districts only in redevelopment areas, as described in the Local Redevelopment and Housing Law (Stecker 2010, 3). It authorized the usage of one state level tax and eleven local level taxes for the increment (see graphic), and also allowed 100% of the incremental gain to go back to the new development, if desired (Stecker 2010, 3).

STATE

1. State sales taxes that municipalities keep under state Urban Enterprise Zone (UEZ) program

LOCAL

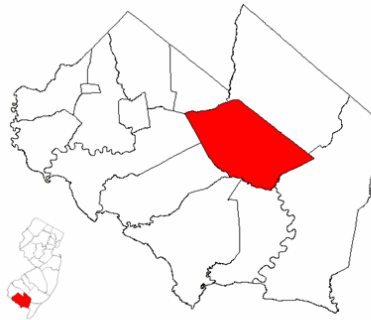
1. Local property taxes
2. Payments in lieu of taxes (PILOTs)
3. Local payroll and wage taxes (Newark only)
4. Parking taxes from facilities in the RAD
5. Lease payments made to government entity running the RAD
6. Parking revenue from public parking lots as part of a RAD project
7. Admission fees and state sales taxes from public facilities in the RAD
8. Assessments against properties approved by municipality
9. Federal and state aid
10. Mortgages held by government entity running the RAD

Source: New Jersey Revenue Allocation District Financing Act of 2001

Allowable divertable taxes for a RAD

Source: New Jersey Revenue Allocation District Financing Act of 2001

Money from the incremental gains could be used for a number of purposes, including land acquisition, renovations and construction, and soft costs. Despite this generous allowance, RADs were not used at all in New Jersey until 4 years after the legislation was passed.



Millville, New Jersey

Source: Wikimedia Common, Hcheney

In order to create a RAD in a municipality, there are a number of steps that need to be taken. First, a district must be established. This includes creating redevelopment area boundaries, designating a district agent, and deciding on what percent of revenues will be pledged towards the redevelopment. Next, a proposed revenue allocation plan must be submitted to the municipality. After that comes the actual application for a RAD, which is in the form of a proposed ordinance that established the RAD. Finally, after review, the final revenue allocation plan may be adopted and the RAD can begin to collect incremental gains in the



Jersey Gardens Mall, Elizabeth, New Jersey

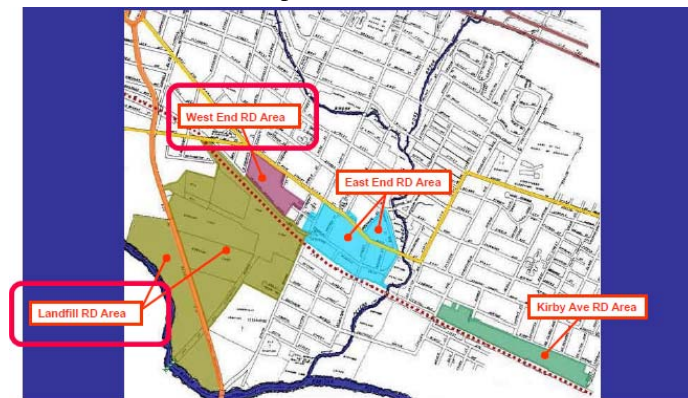
Source: panoramio.com

percentage that was agreed upon (NJ Statutes 52:27D-462-471).

While the RAD program seemed to be an effective form of gap financing for redevelopment projects, it was only fully executed once, in Millville. Millville's RAD was established in 2006. It comprises 821 acres and includes 60 acres of a shopping center that generates the majority of the district's tax revenues; in addition, 17% of Millville's total assessed value was inside the RAD at the time of its creation (Stecker 2010, 3). The bond associated with the Millville RAD totals \$8.13 million, \$5.63 million of that going towards neighborhood revitalization and \$2.5 million going towards reimbursement of the shopping center developers (City of Millville RAD Project Summary). This shopping center led to the creation of hundreds of local jobs.

Incremental revenues from the RAD have been used for a number of initiatives in Millville. The main areas that were focused on were the Third Ward, the Center City, and South Millville, which have lower homeownership levels and higher crime rates than other areas of the community (Stecker 2010, 3). By 2011, money from the Millville bond proceeds had allowed for the rehabilitation of 85 homes, the pursuance of hundreds of code violations, and assistance with home purchase for 18 people to date (phone interview). To put the incremental gains in an annual perspective, Millville anticipates \$547,235 in RAD (now ERG) revenues in 2012 (City of Millville 2011). Millville has been able to do all this using only 50% of the generated increment for the RAD; the other half goes to the traditional places that tax money would go (city general fund, school district, county) (Stecker 2010, 4). However, it is important to keep in mind that this project also used \$10 million in New Markets Tax Credits (City of Millville RAD Project Summary). Clearly, this has been a successful use of the RAD program. Building on this success, Millville had plans to use RAD for a riverfront redevelopment project, but after the most recent recession hit, the project was put on hold and the only thing that the city is currently doing with RAD is paying the debt service on the old bonds (phone interview).

For as much as Millville was the only city in New Jersey to fully execute a RAD, there were other cities that began the process but did not bring a project to fruition. One such example is Somerville. Somerville has four discrete redevelopment areas defined within its borders. The plan for the RAD was to include two of these four areas. One of the areas comprised 13 acres and the plan was to renovate and replace existing retail, add office space above the retail, and add rental apartments with a parking deck. As of 2006, the projected annual tax increment from the project was upwards of \$1 million, with expectations that the increment would double in 5 years (RAD Financing Seminar Somerville 2006). The other area within the RAD was still under discussion as of 2006 in terms of what exactly would be done. This area is approximately 160 acres and sits



Proposed RAD districts in Somerville, New Jersey, boxed in pink

Source:
[http://www.cdfa.net/cdfa/cdfaweb.nsf/0/a980cc268edd85388257936005f1962/\\$FILE/Brian%20Gallagher.%20Somerville.pdf](http://www.cdfa.net/cdfa/cdfaweb.nsf/0/a980cc268edd85388257936005f1962/$FILE/Brian%20Gallagher.%20Somerville.pdf)

next to a rail station. Visioning projects involving the public were being used to help determine what sort of redevelopment should happen in the area (RAD Financing Seminar Somerville 2006). Despite these plans, including a formal redevelopment agreement between the city of Somerville and the developer, the actual RAD has not been executed. Instead, this particular project has been transitioned to the ERG program, another tax increment financing tool that is currently being used in New Jersey.

REDEVELOPMENT AREA BONDS (RABs)

Yet another option in gap financing for redevelopment projects is the redevelopment area bond, or RAB. The RAB program was created out of the Large Site Landfill Reclamation and Improvement Act of 1995 (Baumann 2011). This act was initiated in an effort to foster redevelopment at former municipal landfill sites. The act allowed tax abatements and special assessments that were used to secure a bond. The RAB program has the same tenants of this act, but it allows bonds to be issued for projects in *any* designated redevelopment areas, not just former landfills (Smart Growth Gateway). Similar to the RAD, the RAB is executed by a financial agreement between a municipality and an urban renewal entity created by the project developer and requires approval by the local finance board (Maraziti and Nee). Unlike TIFs in other states, the RAB is mostly used for *project-based redevelopment*, as opposed to broader redevelopment on a *district* scale.

There are a few examples of projects that have used RABs. One project that has used RABs successfully through project completion is the Jersey Gardens Mall in Elizabeth. This was the first use of the program in the state. RABs provided the gap financing that made this project possible, considering that high infrastructure costs would have made completion impossible (Baumann 2011). Through the RAB program, the project was able to secure a \$150.5 million, 33 year, fixed rate bond to finance the redevelopment (Cavaliere 2002).

There are benefits to using RABs for redevelopment financing. Since RABs are secured by payments in lieu of taxes (PILOTs), they are a secure investment (Baumann 2011). In addition, since the repayment of the bonds comes from these PILOTs, the funding generated for the redevelopment project does not have to come out of the municipality's or the developer's pockets (Baumann 2011). However, there are also drawbacks. As mentioned, RABs typically focus on individual projects as opposed to redevelopment efforts on a broader scale. Another concern is the broad definition applied for "areas in need of redevelopment." The main issue with this is the use of RABs for projects in areas that don't really need redevelopment and are just looking for financial assistance.

ECONOMIC REDEVELOPMENT AND GROWTH PROGRAM (ERGs)

The third program for gap financing for redevelopment is the recent (2009) Economic Redevelopment and Growth Program, or ERG. This is New Jersey's latest venture into TIF-based programs, replacing RAD and RAB (Stecker, 2). Like other TIFs, financing comes from redirected tax dollars. However, ERG allows for diversion of an unprecedented number of revenues: the 8 state and 11 local taxes that can be redirected make New Jersey the most generous state for TIF in the country, in terms of number of resources that can be redirected for TIF use (Stecker, 2). Only 75% of these taxes may be redirected for the ERG grant, which somewhat makes up for the vast amount of taxes available to be redirected.

Redirected Taxes for ERG Examples
Corporate Business Tax
Marine Insurance Tax
General Insurance Tax
Public Utilities Franchise
Public Utilities Gross Receipts
Public Utilities Excise Tax
Gross Income Tax
Sales Tax
Hotel Occupancy Fee

Unlike the RAD and RAB programs of earlier in the decade, the ERG grant is not restricted to projects in deteriorating areas. This has been a point of contention, as some believe that New Jersey made a bad policy choice to open the eligibility up so wide (Stecker, 7). To be eligible for ERG funding, a municipality must fall under the Metropolitan, Suburban, or Center designations in the five planning areas as listed in the State Plan. This permits 80% of municipalities included in the state plan to qualify for funding (Stecker, 7). In addition, transit villages and former military bases also may also qualify for this funding, further widening its reach beyond the areas traditionally covered by TIF.

ERGs must be approved on both a state and a local level. The state agency responsible for approving ERGs is the state's Economic Development Authority (EDA). A municipality wishing to receive an ERG grant must submit their application to the EDA and the state's Department of Community Affairs (Stecker, 8). There are 7 "hard criteria" for the project that must apply to it for the grant to be considered. These are:

- Project must be in an ERG-eligible area
- Project financing gap must exist
- Overall public assistance to the project must result in net benefits to the state and/or the municipality
- Developer himself must invest an amount equal to at least 20 percent of the project cost
- Combined state and local ERG grants cannot exceed 20 percent of the total project cost
- Developer of a new residential project getting a state ERG must reserve 20 percent of the units for low- and moderate-income households
- Developer can only get an ERG if construction has not yet begun, unless, EDA determines, "at its sole discretion," that the project would not be completed without the ERG grant. In the case of a project built in phases, only yet-to-be constructed phases can receive an ERG grant (Stecker, 8).

There are several other "soft" criteria that are not required, but are recommended. Once the application is submitted, the EDA will perform a fiscal analysis and a net positive benefits

income test, after which the grant is brought to a vote (Stecker, 9). If it is approved, the governor has 10 business days to sign or veto the measure. Local approval requires enabling legislation for an ERG grant program, which also must be approved by the local finance board and the state Department of Community Affairs before coming into effect. (Stecker, 9). Local government approval comes at both the beginning and the end of the process, with the approving ordinance being introduced before the application to the state EDA and the adoption of the ordinance coming only after the state EDA has approved the grant.

There are several benefits that come with the ERG program. There is limited taxpayer liability, as taxpayer money cannot pay for any more than 20 percent of the project. The evaluation process also screens out projects that are not believed to have enough of a benefit to warrant diversion of money. In addition, there is a very limited amount of property taxes that can be used and certain requirements in order for it to be used at all. The cons are very similar to those with other TIF programs, although as more revenues can be diverted to developers, the concern with taxes can be greater. In addition, the project-based aspect is seen as less effective than wider redevelopment within a municipality.

Several ERG grants are underway, and one has been completed. The completed ERG was a ShopRite in Somerville coupled with a new arts district and transit village centered around its train station. This project was completed with a \$5 million ERG grant and opened in October of 2011, so it is currently too early to assess whether or not the project was a success. This was formerly a RAD project that was downsized and transitioned over to the ERG program when that became the program of choice. Of the projects underway, the most surprising may be the American Dream project in the Meadowlands, formerly known as Xanadu. This late and over-budget project is being bailed out by \$200 million in ERG grants as additional gap financing.

Whether that takes shape or is enough to cover the financing gap remains to be seen. Other potential projects include a Babies 'R Us in East Brunswick, a hotel in Elizabeth near Jersey Gardens, a teacher's village in Newark, and a very controversial grant that has been approved (but not used) in Atlantic City to the Revel Entertainment Group for their new casino. None of these projects have commenced, therefore, no money has actually changed hands. Since these are all very new, it is still unclear whether ERG will be beneficial or detrimental to New Jersey.

COMBINATION DISTRICTS (TIF, SID and OTHERS) in NEW JERSEY and the NATION

Overview

Special Improvement Districts, as relatively autonomous entities have the opportunity to pursue creative partnerships with a variety of business and district improvements. As discussed in this report, Tax Increment Financing and other bond programs are viable approaches to substantial development and business improvement. Combining TIF and SID makes projects more feasible for local governments and developers. While SIDs rarely have the capacity to provide long term capital improvements or large scale projects on their own, in combination with support from their respective municipalities, economic development agencies, or other private partners, SIDs can make substantial changes to streetscapes, infrastructure, buildings, and public spaces (Stone and Youngberg, 2006). The combination takes the advantages of large scale funding and the expertise of the local SID businesses.

Enabling legislation for tax increment financing in New Jersey, then called the RAD, Revenue Allocation District, disappeared with the new governor and now municipalities must use ERGs. However, ERG qualifications match up nicely with SIDs. According to New Jersey legislation 40:56-65 public policy section b, “(2) that municipalities should be encouraged to create self-financing special improvement



districts and designated district management corporations to execute self-help programs to enhance their local business climates; and (3) that municipalities should be given the broadest possible discretion in establishing by local ordinance the self-help programs most consistent with their local needs, goals and objectives” (NJDC,2011) SIDs in New Jersey do have the authority to partner with other public and private organizations.

Newark Downtown District

Source:
http://www.njeda.com/web/Aspx_pg/Templates/Press_Rls.aspx?topid=721&Doc_Id=343&ParentDocID=164

New Jersey Combined District Cases



Arundel Mills

Source: <http://www.outletstoredepot.com/wp-content/uploads/2011/08/arundel-mills.jpg>

project ever to be financed by a SID in New Jersey. The EDA helped to issue \$10 million in bonds on behalf of the NDD. The NDD will pay the debt service on the bonds through their assessment on 594 commercial properties in the district. In total, the project comes to \$17.5 million dollars. The remainder will be funded through the NDD, the UEZ, the City of Newark,

As discussed, New Jersey has only one RAD and ERG has not yet been extensively used. However, there is strong evidence that special district combinations are not only legal but can and have been successfully used in New Jersey. Newark was the first in the state to employ such a partnership. In 2007, the New Jersey Economic Development Authority broke ground for the Newark Downtown District (NDD) Improvement

Project. The project encompasses sidewalks, public space, and over 600 properties. This was the largest

and PSE&G (NJEDA, 2007). The project is still underway and won a Downtown Merit Award in 2010 from the International Downtown Association for its usage of Geographic Information Systems in the maintenance of the project (Downtown Newark).

Newark is not the only local municipality to venture into combination districts, though the practice is relatively new nationally and relatively rare in the region. The 34th Street Partnership in New York City used a combination district as early as 1993. The 34th Street BID was allowed to issue tax exempt bonds to itself and then pay the debt service (ULI, 2008). Center City District in Philadelphia, PA also used a combination early on in 1994. The City of Philadelphia approved the issuance of bonds for streetscape



Mission Bay South

Sources:

<http://www.google.com/imgres?q=mission+bay+san+francisco>

improvements. The Philadelphia BID was subsequently able to expand its boundaries, including more properties. In 2005, the city of Philadelphia reauthorized the Center City District and provided for debt service coverage through the year 2025.

National Approaches

Nationally, many cities have used creative combination districts to improve the infrastructure, capacity, and size of their business districts. The approaches and mechanisms used vary and can be tailored to a city's needs. Arundel Mills and the National Business Park Projects in 2004 in Anne Arundel, Maryland were the first two issues to combine TIFs with a special tax district. The TIF district and the "special tax district", equivalent to a SID, coincide (Johnson, 2002). The county issued \$28 million in TIF bonds to entice the Mills Corporation to build a shopping mall in 2000. The TIF bonds funded a new interchange, water and sewer lines. Another \$14 million TIF bond in 2004 funded access to the nearby parkway in order to entice the business park. In this case, the special assessment was used as a backup in the event that the TIF revenues were insufficient to cover the debt service payments (Stone & Youngberg, 2006). In this way, the organizations work together. The city gains business without having to waste dollars on tax breaks. The bonds generate their own revenue, \$42 million and \$46,005,000 respectively. This is also what the Park Place project did in Annapolis. This mixed income development includes a luxury hotel, condominiums and underground parking. The special tax levy may be used if the tax increment and garage revenues fail to pay the debt financing (Stone & Youngberg, 2006).

Mission Bay South was a project created by the San Francisco Redevelopment agency. The project included a biotech and life sciences research and business center, a campus, retail, entrainment and over 3,000 units of multifamily housing. In contrast to the previous situation in which special taxes are used as a back up, they used a special tax levy, something that the NBCM already does, and then had the potential for tax allocation bond takeout after the project demonstrated a sufficient rise in assessed value (Stone & Youngberg, 2006).

Peninsula Town Center in Hampton Virginia is using an incremental real estate, sales, meals and amusement tax to fund a new residential shopping center as well as a special ad valorem real estate tax and the back-up special assessment. The city will receive approximately 50% of incremental tax revenues. Bell Creek developed 170 acres for business park and retail use and provided utility service to 260 contiguous acres planned for business development Using special assessments to repay bond debt service, the city of Hanover won the 2004 Achievement Award from the National Association of Counties for Creative Financing (Stone & Youngberg, 2006).

The Farms of New Kent in New Kent, Virginia is a very different place than New Brunswick. However, what can be learned is that in addition to levying special assessments, the project involved residential lots, affordable units, and senior units. The bonds were subject to prepayment upon sale of residential lots to initial homebuyers. If New Brunswick could assist in selling condominium units (as it is unlikely to have a single family home situation in downtown New Brunswick) the proceeds could pay the debt service on a larger development.

SIDs pay the debt service, or act as a safety in the event that debt service falls short. SIDs can also take bonds themselves, or wait until an area has risen in assessed value and then take out tax allocation bonds. In addition to the variety of tax increment financing products, many other business improvement and financing national programs are available to partner with SIDs such as New Market Tax Credits and Transit Village Funds¹.

REVENUE ENCHAINING MECHANISMS (TIF and OTHERS): APPLICATION TO NEW BRUNSWICK CITY MARKET

New Brunswick City Market works to advance the downtown business district. However, working on a budget comprised mostly of the levied assessment, long-term capital improvements are beyond reach. With a combination district like ERG, or a financing strategy like NMTC, NBCM could foster a holistic strategy to business development. They could not only improve the overall look of the district but build new infrastructure and attract new residences. While initiating and structuring the necessary partnerships and arrangements to effectively use these mechanisms would not be easy, the impact of other cities in New Jersey and the nation stand as testimony to the effective success of combining districts.

In order to illustrate the potential of tax programs as a funding mechanism for NBCM, the report provides three examples: TIF, PILOT, and ERG. In each example just several of the NBCM properties were selected to demonstrate the potential even on a small scale. Using the assessed property values from the properties in the SID, each example details the potential of the

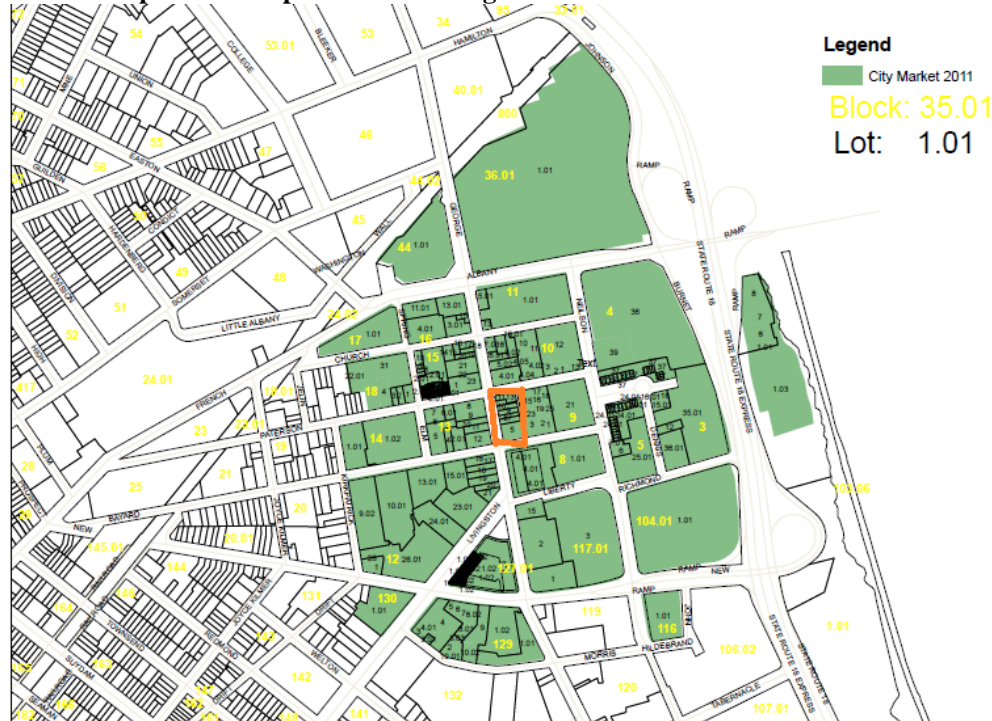
¹ Projects often use a slew of different financing mechanisms including New Markets Tax Credits (NMTC) and Transit Village funds. The Transit Village Initiative is run by the New Jersey Department of Transportation and NJ Transit in a partnership promoting smart growth. To use a Transit Village, NBCM would have to identify ready to go projects, bicycle and pedestrian improvements, affordable housing in the district, and have a place-making strategy.

Using NMTC involves certification as a Community Development Entity with a mission driven purpose. NMTC syndicates tax credits to investors, who in return for their contribution to the business development get an almost equal break on their taxes. Private business developers can then use these investor dollars to build or expand business opportunities in income qualifying areas. As of 2000, New Brunswick qualified as a “Severely Distressed Primary” qualified census tract for the use of NMTC (Novoco, 2011).

program and the potential bonding capacity. The examples show, that even with a very small area, NBCM has the opportunity to garner large revenues that can be used towards development.

NBCM TIF Example

NBCM Map TIF Example 349-365 George Street



The seven properties facing George Street on Block 9, addresses 349-365 George Street within the NBCM district were chosen to illustrate the potential of TIF type district in New Brunswick (See Map). These properties include Tumulty’s, Beauty Plus, Cliquer’s, and BagelNosh among others. In 2011, the total net assessed value of these properties came \$2,696,700 and they collectively paid \$139,203.67 in taxes. If NBCM adopted a TIF in 2011, these dollars could be harnessed for development purposes. As seen in the tables below, two different scenarios, high appreciation at 6% (Table 2) and low appreciation at 3% (Table 3) are illustrated, each with various tax rate alternatives. The tables first demonstrate the general tax rate remaining constant, and then the general tax rate increasing. If the municipality wants to limit the TIF from other municipal needs and services, the municipal purpose tax rate may be used instead of the general rate and municipal purpose versus general tax rate is also illustrated. With either rate, municipal purpose or general, the district does not need to collect the entirety of the increment. Many TIF districts take 50% or 20% of the increment for development and leave the rest to municipal services.

Again, the tables use only the seven example properties. If the whole of NBCM were to become a dual SID/TIF district, the yields would dramatically increase. On the high end,

assuming a 6% growth rate with a .1% annual general tax rate increase the seven properties would yield \$635,115.19 by 2020 (Table 1). On the other end of the potential spectrum, using only the municipal purpose tax rate, staying constant, with only a 3% growth assumed, the TIF would yield \$85,269.10 by the year 2020. Even using the seven properties, the leveraging potential of a TIF

Table 1: TIF Revenue Possibilities in 10 years	
• 6% ¹ , Increasing ² General ³ -	\$635,115
• 6%, Constant General-	\$457,188
• 6%, Increasing Municipal-	\$362,218
• 6%, Constant Municipal-	\$185,277
• 3%, Increasing General-	\$357,899
• 3%, Constant General-	\$210,527
• 3%, Increasing Municipal-	\$235,860
• 3%, Constant Municipal-	\$85,269

1) 6% or 3% Property Value Appreciation
 2) Increasing (by .1% annually) or Constant Tax Rate
 3) General Tax Rate used or Municipal Purpose Tax Rate
 Numbers listed exhibit the cumulative TIF Revenue after 10 years

becomes clear. For example, assuming that the general tax rate increases by .1% each year and that assessed property values grow by 6% annually, the TIF would yield an average of \$70,000 annually between 2011 and 2020. TIF monies could be used for municipal bonding (Table 4). NBCM could pay out the bonds introduced for a SID development with a sinking fund. Using the \$140,242 number from the projected 10th year of increasing 6% appreciation general tax rate, and using a 1.3 debt service coverage ratio as a cushion, NBCM could bond \$2,157,576 at a 5% rate for development. The sinking fund would require that NBCM contribute \$10,787 annually for ten years towards paying off the bonds. The sinking fund ensures that NBCM does take a hardship paying off the bonds at once. While only seven properties, in this example TIF could fund infrastructure and construction for business development.

Table 2- TIFs Low Growth

Year	Various Rates												
	Assessed Value Lower (3% a year Growth)	Constant General	Taxes Levied	TIF \$	Increase .1% annually	Taxes Levied	TIF \$	Only Municipal Purpose Constant	Taxes Levied	TIF \$	Only Municipal Purpose Increasing	Taxes Levied	TIF \$
2011	\$2,696,700	5.33%	\$143,815.01	NA	5.33%	\$143,734.11	NA	2.16%	\$58,248.72	NA	2.26%	\$60,945.42	NA
2012	\$2,777,601	5.33%	\$148,129.46	\$4,314.45	5.43%	\$150,907.06	\$7,172.95	2.16%	\$59,996.18	\$1,747.46	2.36%	\$65,551.38	\$4,605.96
2013	\$2,860,929	5.33%	\$152,573.35	\$8,758.33	5.53%	\$158,295.20	\$14,561.09	2.16%	\$61,796.07	\$3,547.35	2.46%	\$70,378.85	\$9,433.43
2014	\$2,946,757	5.33%	\$157,150.55	\$13,335.53	5.63%	\$165,990.82	\$22,256.71	2.16%	\$63,649.95	\$5,401.23	2.56%	\$75,436.98	\$14,491.56
2015	\$3,035,160	5.33%	\$161,865.06	\$18,050.05	5.73%	\$174,005.70	\$30,271.59	2.16%	\$65,559.45	\$7,310.73	2.66%	\$80,735.25	\$19,789.83
2016	\$3,126,214	5.33%	\$166,721.01	\$22,906.00	5.83%	\$183,352.09	\$38,617.98	2.16%	\$67,516.23	\$9,777.51	2.76%	\$86,283.52	\$25,338.10
2017	\$3,220,001	5.33%	\$171,722.64	\$27,907.63	5.93%	\$191,042.65	\$47,308.54	2.16%	\$69,552.02	\$11,303.30	2.86%	\$92,092.02	\$31,146.60
2018	\$3,316,601	5.33%	\$176,874.32	\$33,059.31	6.03%	\$200,090.53	\$56,356.42	2.16%	\$71,638.58	\$13,389.86	2.96%	\$98,171.39	\$37,225.97
2019	\$3,416,099	5.33%	\$182,180.55	\$38,365.54	6.13%	\$209,509.34	\$65,775.23	2.16%	\$73,787.74	\$15,539.02	3.06%	\$104,532.63	\$43,387.21
2020	\$3,518,582	5.33%	\$187,645.97	\$43,830.96	6.23%	\$219,313.21	\$75,579.10	2.16%	\$76,001.37	\$17,752.65	3.16%	\$111,187.19	\$50,241.77
Totals:				\$210,527.82			\$357,899.61			\$85,269.10			\$235,860.42

Table 3- TIFs High Growth

Year	Various Rates												
	Assessed Value Higher (6% a year Growth)	Constant General	Taxes Levied	TIF \$	Increase .1% annually	Taxes Levied	TIF \$	Only Municipal Purpose Constant	Taxes Levied	TIF \$	Only Municipal Purpose Increasing	Taxes Levied	TIF \$
2011	\$2,696,700	5.33%	\$143,734.11	NA	5.33%	\$143,734.11	NA	2.16%	\$58,248.72	NA	2.16%	\$58,248.72	NA
2012	\$2,838,502	5.33%	\$152,358.16	\$8,624.05	5.43%	\$155,302.41	\$11,568.30	2.16%	\$61,743.64	\$3,494.92	2.26%	\$64,602.15	\$6,353.43
2013	\$3,030,012	5.33%	\$161,499.65	\$17,765.54	5.53%	\$167,650.57	\$23,916.46	2.16%	\$65,448.26	\$7,199.54	2.36%	\$71,508.29	\$13,259.57
2014	\$3,211,813	5.33%	\$171,189.62	\$27,455.51	5.63%	\$180,921.42	\$37,187.31	2.16%	\$69,375.16	\$11,126.44	2.46%	\$79,010.60	\$20,761.88
2015	\$3,404,522	5.33%	\$181,461.00	\$37,726.89	5.73%	\$195,181.22	\$51,447.11	2.16%	\$73,537.67	\$15,288.95	2.56%	\$87,155.75	\$28,907.03
2016	\$3,608,793	5.33%	\$192,348.66	\$48,614.55	5.83%	\$210,500.89	\$66,766.78	2.16%	\$77,949.93	\$19,701.21	2.66%	\$95,993.89	\$37,745.17
2017	\$3,825,320	5.33%	\$203,889.58	\$60,155.47	5.93%	\$226,956.26	\$83,222.15	2.16%	\$82,626.92	\$24,378.20	2.76%	\$105,578.85	\$47,330.13
2018	\$4,054,840	5.33%	\$216,122.96	\$72,388.85	6.03%	\$244,628.48	\$100,894.37	2.16%	\$87,584.54	\$29,335.82	2.86%	\$115,968.42	\$57,719.70
2019	\$4,298,130	5.33%	\$229,090.33	\$85,356.72	6.13%	\$263,604.32	\$119,870.21	2.16%	\$92,839.61	\$34,590.89	2.96%	\$127,224.65	\$68,975.93
2020	\$4,556,018	5.33%	\$242,835.75	\$99,101.64	6.23%	\$283,976.60	\$140,242.49	2.16%	\$98,409.99	\$40,161.27	3.06%	\$139,414.15	\$81,165.43
Totals:				\$457,188.73			\$635,115.19			\$185,277.23			\$662,218.25

Table 4: Bonding Capacity of NBCM TIF

6% Appreciation				
	Yr 10 Revenues	After DSCR (1.3)	Bonding Capacity	10 yr Sinking Fund
Constant General Rate	\$99,101.64	\$76,232.03	\$1,524,640.62	\$7,623.20
Constant Municipal Rate	\$40,161.27	\$30,893.28	\$617,865.69	\$3,089.33
Increasing General	\$140,242.49	\$107,878.84	\$2,157,576.77	\$10,787.88
Increasing Municipal	\$81,165.43	\$62,434.95	\$1,248,698.92	\$6,243.49

3% Appreciation				
	Yr 10 Revenues	After DSCR (1.3)	Bonding Capacity	10 yr Sinking Fund
Constant General Rate	\$43,830.96	\$33,716.12	\$674,322.50	\$3,371.61
Constant Municipal Rate	\$75,579.10	\$58,137.77	\$1,162,755.50	\$5,813.78
Increasing General	\$17,752.65	\$13,655.88	\$273,117.69	\$1,365.59
Increasing Municipal	\$50,241.77	\$50,647.52	\$772,950.31	\$3,864.75

NBCM PILOT Example

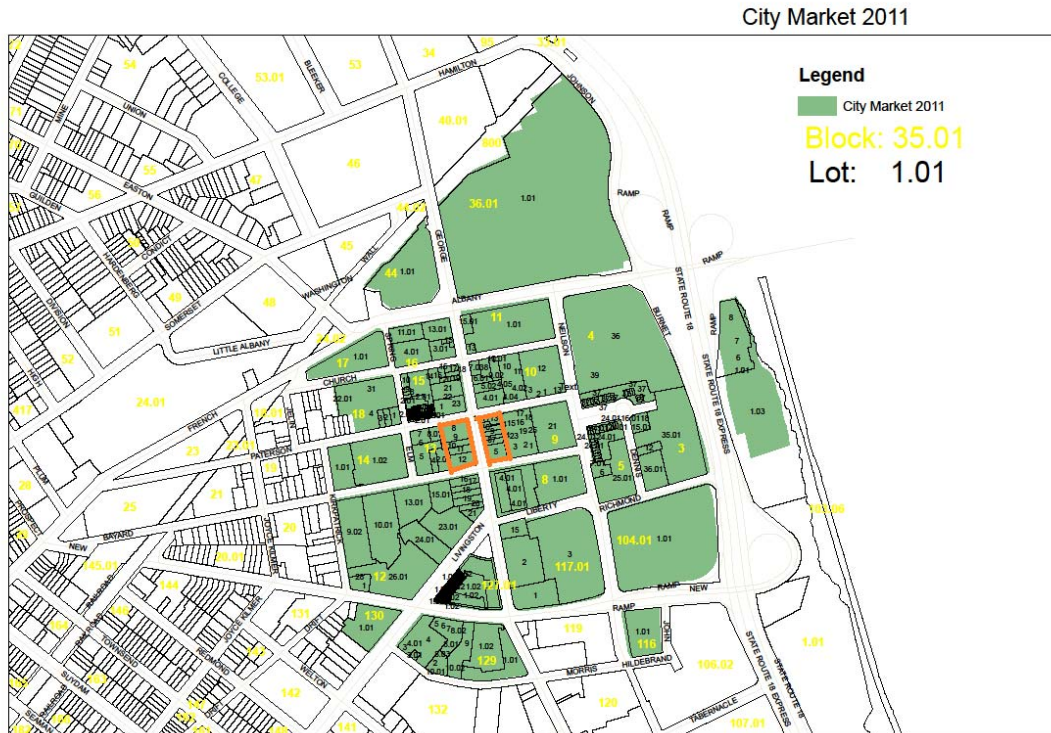
To illustrate the kind of funding that could be captured for NBCM using PILOTs, a core part of the George Street corridor was chosen. This includes the block, on both sides of George Street, between Paterson Street and Bayard Street (see orange highlights on the map). The properties used for the example are the properties that have frontage of George Street. It is also in the center of the NBCM district boundaries. Should this area become the focus of a redevelopment effort, it would be an excellent candidate for usage of the PILOT scheme. Perhaps a facade improvement program might be proposed that involved renovating and replacing retail spaces along with beautification.

As discussed, PILOT revenues are captured by exempting the improvement value of properties from property taxes. Instead, these properties pay 15% of their annual revenues, of which 95% of that total goes directly to New Brunswick, and in this case, it would be put towards the NBCM. In order to estimate revenues for the blocks selected, the assessed improvement values of the properties were gathered from 2011 New Jersey Tax Assessment Records. Using an estimated capitalization rate of 7%, estimated revenues for each property were determined. Then, 95% of that revenue total represents the annual PILOT revenues for this area.

The total assessed improvement value for this area is \$5,484,600. Applying the 2011 equalization rate for New Brunswick (39.05%) calculates the market improvement value for these properties, which totals \$14,045,070. Using the assumed 7% capitalization rate and this market improvement value, the estimated total revenues for the selected properties can be calculated. The estimated annual revenue total for these properties equals \$983,155. PILOT fees equal 15% of annual revenues. 15% of this estimated annual revenue equals \$147,472.3. Of this, 95% would go directly back to New Brunswick; in this example, that amount would be \$140,099.

While this number does not approach the more than \$1 million in annual PILOT revenues that Asbury Park receives, it is important to remember that only a very small area was considered for this example. If the redevelopment area was extended for a few more blocks, the PILOT revenues would increase accordingly. It is important to note that the more properties paying PILOTs means that less tax dollars will go to traditional tax sources, such as school districts and the county. However, these PILOT revenues could be an effective way for NBCM to continue to fulfill its mission of making the downtown an attractive and appealing destination that people want to visit and patronize.

NBCM MAP Pilot Example 349-365 and 350-358 George Street



NBCM ERG Example

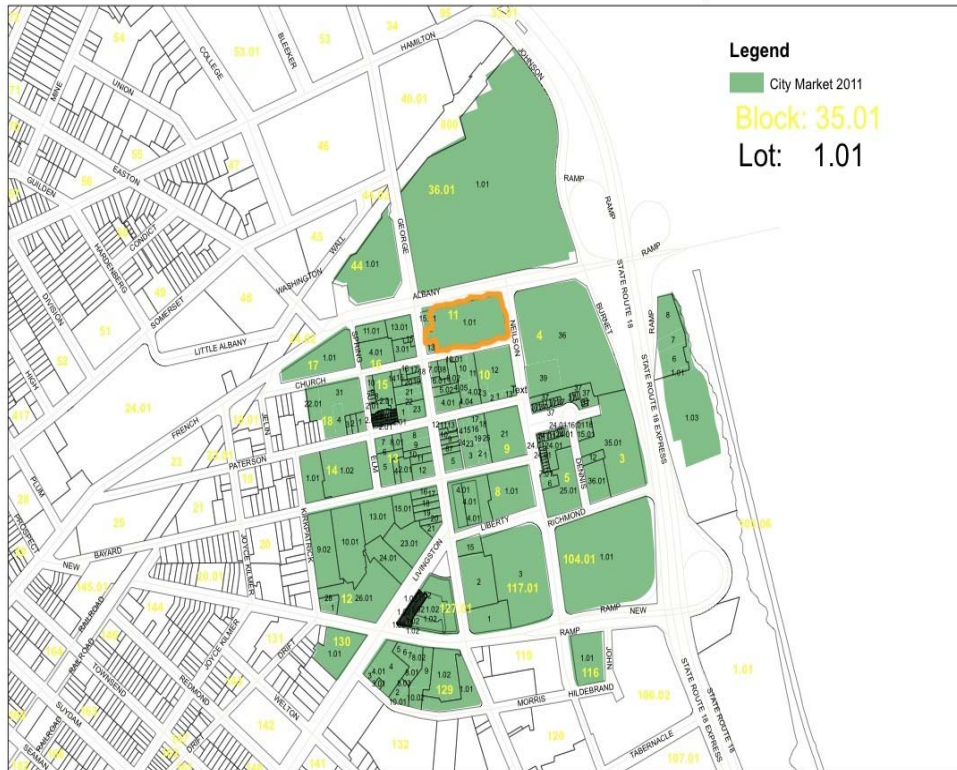
Since ERG is more applicable to a single project rather than to a district, it is also well suited for a single lot. In this example, the lot chosen was Block 11 Lot 1.01, the Kilmer Square property. While this lot has minimal frontage onto George Street, it has a very large amount of frontage onto Albany Street. This block is circled in orange on the map and is just off the center of the SID. Though this is a single block with one property owner, there are numerous tenants that range from a September 11th group to a steakhouse.

As was discussed earlier, ERG grants come from redirected taxes. The assessed value for the property at Kilmer Square is \$1,159,300 and the property pays \$59,843.07 in property taxes.

Based on a 7 percent capitalization rate it is estimated that the net revenues of the property would amount to \$81,151. With New Jersey's sales tax rate of 4.33 percent, revenue from sales taxes would be \$3,513.84, bringing the total amount of taxes paid up to \$63,356.91. Since 75% of these taxes can be redirected to the developer as part of the ERG grant, up to \$47,517.68 of these sales and property taxes may be redirected for development, and depending on the final budget for the project, could actually go down. While this is certainly significantly less than when Somerville received, keep in mind that this is also a smaller area that does not necessarily draw in as much revenue.

NBCM MAP ERG Example 100 Albany Street

City Market 2011



SUMMARY OF TIF MECHANISMS

Mechanism	Allowed Locations	Funding Sources	Percentage of Tax Increment Allowed	Use of the Money	Type of Redevelopment	Example Project
TIF	All but Arizona	Local property tax (Sales Tax in select locations)	100%	BMIR Financing roads, recreational educational facilities; manpower training	Area-based	Millennium Park, Chicago, IL
PILOT	Redevelopment Areas	Local property tax	n/a	General redevelopment costs	Both	Power plant development, Bayonne, NJ
RAD	Redevelopment Areas, as per the Local Redevelopment and Housing Law	1 state and 10 local taxes	100%	Land acquisition, Demolition, Renovation or construction of improvements on site, Infrastructure improvements outside RAD district if necessary, Soft costs	Area-based	Target shopping center, Millville, NJ
RAB	Redevelopment Areas, as per the Local Redevelopment and Housing Law	Tax abatements, special assessments, PILOTs	n/a	General redevelopment costs	Project-based	Jersey Gardens Mall, Elizabeth, NJ
ERG	All areas that fall into the Metropolitan, Suburban, or Center designations in the NJ State Plan, Transit Villages, Abandoned Military Bases	8 state and 11 local taxes	75%		Project-based	ShopRite, Somerville, NJ

SUMMARY OF POTENTIAL CAPITAL, FROM ABOVE EXAMPLES

Mechanism	Potential Development \$ (From Example)
TIF	\$200,000-\$2Million
PILOT	\$140,099
ERG	\$50,000 +

RECOMMENDATIONS

TIF

Although many cities have successfully used TIF to encourage neighborhood and economic development, there are always criticisms. However, the following recommendations would manage to improve the efficiency, transparency, result and oversight of Tax Incremental Financing and related Programs.

First of all, the city would establish TIF Goals, which could be a multiyear Economic Development Plan, to guide future TIF district designations and project allocations. Moreover, use of TIF moneys should all include an adherence to public meeting rules and the provision of open records throughout the process to improve transparency. The local government and all stake holders should be an active part of the process and all decisions should be made during open public meetings (Council of Development Finance Agencies 2008). Also, the local government should monitor TIF projects more systematically to ensure that recipients of TIF funding meet their obligation. For cities that implemented TIF districts, they should be subject to reviews which would lead to the revision of some of the strategies for every certain years. Last but not least, in order to enhance oversight and administration of TIF, government should empower an internal body with clear accountability for all aspects of Tax Incremental Financing to execute recommendations and provide effective oversight.

PILOT

A Major criticism of the PILOT program is the fact that all government entities besides the municipality that the PILOT is in receive less funding than they normally would. Entities such as the county and school districts get much less money from these properties (5% of the improvement value, normal amount from the land value), and therefore, the tax burden is shifted to other properties. In order to mitigate this issue, it is recommended that PILOTs should not completely replace the property tax. Instead, they should offset it. A simple recommendation would be for PILOT properties to pay 25% of the property tax levy and pay a PILOT that equals 10% (as opposed to the current 15%) of annual gross revenues. This way, the municipality would still receive PILOT funds that could be used for redevelopment, but the other tax beneficiaries would not completely lose out on these properties.

Another criticism of PILOT is that the assumed benefits of the system are not guaranteed. To counteract this criticism, it is recommended that PILOTs be subject to an annual review. A county or state level authority should conduct an annual audit on all PILOT payments a municipality received and determine the municipal benefits. This audit could look at economic

benefit to the city. Metrics that could be tracked include number of jobs created, new business revenues, and tax assessment value percentage change. These factors can be helpful when it comes to indicating the economic vitality of a place, and usually redevelopment is happening in a place where this statistic is low. By looking for an uptick in the statistics listed above, it would be clear whether or not the PILOT was creating any economic benefit in the community. After this review, it could be determined if the PILOT fees were being used to the benefit of the city; if not, they could be subject to elimination.

RAD

The major issue with the RAD program is that up to 100% of tax revenues from eleven different sources may be diverted for the purposes of the RAD. These purposes, all part of the redevelopment process, are broad; they range from land acquisition, demolition, construction, infrastructure on and off site, and soft costs. The main recommendation for this program revolved around this percentage. One option is to reduce the maximum percentage of tax revenues that may be diverted to the RAD. Another idea is to use some kind of sliding scale to determine percentage. Factors that could be used include tax base value, median income, poverty level, vacancy rates, and other statistical indicators of economic vitality. By treating the percentage of tax revenues diverted to the RAD as a case by case situation, the main criticism of the RAD, the fact that too many other sources lose out on their tax dollars, would be resolved to some degree. The places in the most need could use the largest percentage, while other areas could still use some, but fewer, tax dollars. The RAD should continue to be limited for use to areas that are designated redevelopment areas.

RAB

One criticism of the RAB is that it is focused on single redevelopment projects, as opposed to a larger redevelopment area. The thought is that redeveloping a larger area on a district scale will be more beneficial to an area than a single project. A suggestion to rectify this issue is designating a minimum square footage requirement for RAB projects. This would ensure that a broader area receives attention, as opposed to creating islands of redevelopment in a larger area that could also benefit. However, there should also be a maximum square footage requirement as well, to ensure that the program is used realistically and is not taken advantage of. In addition, the RAB program should incorporate a more rigorous review of the locations in which it can be utilized. It is important that this kind of redevelopment gap financing be used for projects that will benefit the wider area, as opposed to a single interest. A more comprehensive review of proposed locations could help identify locations where RAB is needed most. This would ensure that RABs were only used for projects that were legitimately in areas in need of redevelopment, as opposed to becoming a handout for any development.

ERG

The biggest issue with the ERG program when compared to the others is that it is not restricted to areas in need of redevelopment. In this aspect, it is losing its focus on its intended aspect, which is to infuse money into distressed areas. If the RAD program were to continue for this purpose, as suggested above, the broad reach of ERG would be more acceptable, but unless

that happens, ERG should be restricted to areas in need of redevelopment. In addition, the scattershot approach to revenue generation feeds off the revenues of too many tax streams, potentially bringing harm to other municipal projects. This needs to be addressed and maybe the number should be brought down from 19 different sources to closer to the 11 of the RAD program or 2 of TIF programs from other states as mentioned earlier. However, from another viewpoint, ERG provides considerably more potential funding, and there are still many revenue streams that remain untapped.

CONCLUSION- NBCM

New Brunswick City Market is in the unique position to use multiple sources of development financing. As things currently stand, ERG is the tax increment financing program in New Jersey. New Jersey's shift from TIF to ERG may benefit NBCM's purposes as a previously established district. Though NBCM is qualified as a distressed area for the New Markets Tax Credit purposes, it is not clear that the district could convince the city to designate it as an "area in need of redevelopment" as required by TIF. The process of establishing the proper credentials for a TIF can be arduous. ERG requires no special designation. Additionally, ERG is a program for individual projects, not an entire district, which may make it a preferable match for an organization already affiliated as a district. NBCM already has the ability to garner assessments and potentially levy special taxes over a whole district, the main function of a TIF. NBCM is a relatively small area and ERG would provide NBCM the ability to potentially build a project not directly located within the district, but that would nonetheless benefit the overall retail and business community—a flexibility not allowed by TIF. However, ERG requires substantial monies upfront, with the developer having at least 20% of the total project costs—a number impossible for NBCM and difficult for the local development corporation. A more feasible first step for NBCM would be to harness the power of PILOTs. New Brunswick is replete with PILOTs. NBCM could implement the PILOT recommendations above on its own without the need for formal arrangements with the city. While ERG can provide for planned development, changing the PILOT system will be beneficial for revenues, and potentially development. For any of the above financing programs, NBCM must work with developers and the city. We, Team B, feel that NBCM is in such a position of favor with the city and local developers to implement these actions.

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Public Art Proposals For New Brunswick Public Sculpture



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PUBLIC ART PROPOSALS FOR NEW BRUNSWICK PUBLIC SCULPTURE

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NEW BRUNSWICK

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EXECUTIVE SUMMARY

New Brunswick Public Sculpture (NBPS) is a new nonprofit organization founded to bring historically themed sculpture to the city of New Brunswick. A sister organization to New Brunswick City Market (NBCM), NBPS has taken on the formidable challenge of initiating a public art program in downtown New Brunswick. This commendable task raises important questions about the role of public art, the process of obtaining public art, and its potential to serve the downtown community and the city as a whole. Through reviewing case studies and local conditions the project team identified key conclusions, outlined below.

- Public art – the placement of art in prominent public places - is often an attempt to use art to deliberately engage the public with a message about community identity.
- Case studies of public art programs in diverse cities show community participation can strengthen public art itself and increase access to the arts, while participation in public art planning and decision-making can enable public art to become a more effective means of impacting community.
- Combining diverse art installations into an Art Walk can leverage the existing arts community and reinforce the idea of the SID as a unified arts, entertainment and retail district.
- The city of New Brunswick and central New Jersey region provide New Brunswick Public Sculpture access to substantial art resources and potential partner organizations to build a stronger public art program. These include Grounds for Sculpture, Mason Gross School of the Arts, the New Brunswick Performing Arts District, and Rutgers Sculpture.
- Murals are an affordable means of making public art more accessible and addressing low hanging fruit, such as blank and unattractive facades.
- Accessing funding resources for art planning, commissions, and installation may require substantial planning effort by NBPS in order to identify strategies that demonstrate how public art will produce demonstrable impacts.
- Engaging and connecting with existing planning institutions, including DEVCO, can potentially help NBPS identify strategies to incorporate public art into potential redevelopment and may enable tapping larger pools of funding or creating larger projects.
- Cities that have incorporated art into their capital construction and redevelopment programs ensure production of art, but ‘percent for art’ requires effort to succeed.

INTRODUCTION

New Brunswick Public Sculpture

New Brunswick Public Sculpture (NBPS) is a 501(c)(3) non-profit organization formed by New Brunswick business owner and New Brunswick City Market (NBCM) board chairman Greg Ritter. Its mission is to illuminate the soul and history of New Brunswick and “to commission and place public art throughout the city to enhance the quality of life and encourage cultural tourism and commerce (New Brunswick Public Sculpture, 2009).” To date, NBPS has not commissioned art but has selected the *Third Reading of the Declaration of Independence* as its inaugural sculpture, to be placed in monument square in New Brunswick. The *Third Reading* will depict Colonel John Neilson standing atop a table reading the Declaration of Independence to a rapt audience, commemorating the third public reading of this document in 1776. To date, Ritter has raised over \$90,000 for the *Third Reading*, mostly from individual donors and local companies. In addition, NBCM has dedicated of 10% its annual promotions budget to NBPS as an ongoing funding resource. Despite this dedicated fund, Ritter has expressed interest in increasing NBPS funding.

Future projects may include a sculpture of Paul Robeson, a famous African-American musician, actor, civil rights activist and Rutgers alum, and the poet and native son of New Brunswick, Joyce Kilmer, most famous for the short poem *Trees*. Ritter stated that he was open to expanding the scope of NBPS to include other artistic forms and style; however, the emphasis of NBPS should remain on celebrating New Brunswick’s history.

Since the cost of producing and maintaining public sculpture is high, this section will explore alternative forms of public art. Case studies of public art programs will provide examples of the diversity of public art programming in the United States as well as the importance of linking community planning processes to public art. Following on that theme, this section concludes with potential areas for expanding the scope of NBPS, identification of potential community partners to expand public NBPS’s impact, and funding resources related to public art. It will also provide suggestions for how public art could be implemented in the city of New Brunswick.

Public Art—A Community and Economic Development Tool

Public art is any work of art placed prominently on public display. Public art is typically outdoors and therefore isn’t just art but is a part of public space, neighborhood, and community. Public Art can take on a variety of forms, styles and media, including figurative historical statues, abstract sculpture, water features and murals. Public Art meant to attract passersby and often conveys a message from the artist(s) to the community. It is most successful when it is based on a shared meaning between the artist and the community or is executed on behalf of the community (Carter, 2010). While public art often reflects the uniqueness of a neighborhood, a



<http://www.newbrunswickpublicsculpture.com/>



Sources (from top): *Cloud Gate*, <http://mypage.iu.edu/~nverheye/bean.jpg>; *Puppy*, <http://www.themagazine.com/TheMeasure/archives/2009/11/03/100000-a-year-to-keep-your-koons-in-bloom>

community's cultural heritage, history or identity, works like Jeff Koons's *Puppy* or Anish Kapoor's famous *Cloud Gate* (aka, *The Bean*) in Chicago redefine entire public spaces, peak and engage curiosity, entertain and amuse. On a large enough scale, public art can become an icon and symbol of a city, as in St. Louis's *Gateway to the West*, or the *Eiffel Tower*, in Paris (Carter, 2010).

Public art has the potential to draw residents and tourists into a district, and thus can serve as a placemaking tool and an impetus for economic development. Placemaking is a multi-layered approach to planning and designing public spaces that involves citywide or neighborhood-wide collaboration. It is a process by which residents and community and civic leaders are actively engaged in creating public spaces that the entire community can use and appreciate (Project for Public Spaces). Community stakeholders can contribute their local expertise and understanding of the neighborhood to guide projects so that they meet the needs of residents. Likewise, placemaking can be applied to the design, creation and placement of public art by seeking community input, developing partnerships and crafting a shared vision. Residents who connect with local arts are more likely to patron and invest in their community's arts and cultural district.

Leadership and community involvement are key components for a successful public art program (Markusen & Gadwa, 2010). It is critical to have a creative initiator—someone or some group that initiates the idea and can persuade others to buy into it.

However, a single individual or group cannot do it alone. Public will must be mobilized and local government needs to express support for the project. Furthermore, public and private partnerships need to be developed and nurtured in order to secure funding, strategic talent and resources for the production and maintenance of public art. Finally, it is important to engage the existing arts community and discover how the local talent can contribute to any public art initiative.

CASE STUDIES

Chicago

The city of Chicago has one of the most impressive public art collections in the United States in Millennium Park, but the city's public art extends far beyond Millennium Park. This section describes two different public art programs in Chicago. Both have been successful in developing and serving the arts community in Chicago but function in different capacities. The Chicago Public Art Program is an umbrella organization that oversees many citywide projects, including required installation of public art as part of city capital investment, whereas the Chicago Public Art Group (CPAG) is a community-based program that delivers art experiences

and public art to communities through direct community participation. Finally, Millennium Park is an important public arts initiative sponsored by the Chicago Art Program and funded using Tax Increment Financing (TIF).
Chicago Public Art Program

In 1978, Chicago was one of the first cities to enact legislation requiring inclusion of public art in its official building program. The Chicago City Council approved the Percent for Art Ordinance, stipulating that 1.33% of construction or renovation costs for public buildings be allocated to original public art work to be displayed permanently on the premises of the project. The Ordinance also requires at least half of these commissions be awarded to local artists in order to provide opportunities and stimulate the Chicago arts community.

The Chicago Public Art Program was formed by the Chicago Department of Cultural Affairs to administer the Ordinance and to commission and maintain artwork. It also serves as the liaison between public agencies, artists and public and private sponsors. Its mission is to “provide the citizens of Chicago with an improved public environment through the enhancement of city buildings and spaces with quality works of art by professional artists.” (Chicago Public Art Program, 2010) Today, the Chicago Public Art Program boasts a collection of over 700 works of art, including sculpture, fountains, murals and photography, in over 150 municipal facilities around the city.

The Public Art Program is both site-specific and community-based. Once a project and site has been identified, Program staff work with alderman, city agencies, community leaders and artists to initiate a dialogue, assess interest, and solicit suggestions. Once the community has expressed interest in the project and identified a few artists, Program staff facilitate a design competition for the selection of artwork (City of Chicago, Department of Cultural Affairs, 2001).

Chicago Public Art Group

Like the Chicago Public Art Program, CPAG endeavors to engage artists and communities to produce community-based public art. However, the similarities between the two arts programs end there. CPAG is a community led effort created in 1971 by a group of artists who wanted to leverage the arts to rebuild and revitalize urban neighborhoods in Chicago. It evolved from a mural-based cooperative to a community-based organization that supports artists and provides arts education, mentorship programs and workshops for children, adults and senior citizens. In addition, CPAG also provides professional management to produce and preserve local public art that includes murals, mosaic, sculptures, seating, banners, and space design (Chicago Public Art Group). CPAG’s board of directors sets the policies for project implementation and seeks partnerships for funding and civic support; art development and mentorship is guided by a Core Artists sub-committee.

Over the past 40 years, CPAG has produced hundreds of public art



Source: *From Contemplation to Pride*,
http://www.cpag.net/home/wwd_latestwork

pieces that are artist-led and community-supported. One of CPAG's most recent works is *From Contemplation to Pride* at Reavis Elementary School. Students at Reavis were researching influential African-American women leaders in the south side neighborhood of Bronzeville, and under the direction of lead artist Carolyn Elaine, they created a beautiful mosaic celebrating these accomplished women (CPAG, http://www.cpag.net/home/wwd_latestwork.html).

Millennium Park

Millennium Park, a 24.5 acre park located at the northwest corner of Grant Park in Chicago, houses several world famous pieces of public sculpture in the World. Home to the famous Cloud Gate sculpture, the park includes several large-scale installations that create an entire environment shaped by public art that has become an attraction for Chicagoans and tourists. Officially opened to the public on July 16, 2004, the park was created by a public-private partnership involving \$175 million from Millennium Garage TIF, \$95 million from Central Loop TIF, and more than \$200 million from private donors (Ulhir, 2006). Millennium Park's large-scale installations propelled redevelopment nearby and the park and redevelopment have had major impacts on the City of Chicago. The Chicago Department of City Planning's economic impact analysis found that the increased property tax revenues generated by the development have been able to help pay off the city's debt for the park. The Department also projected an impact of \$1.4 billion in redevelopment and \$471 million in tourism from 2005 to the projected year of 2015 (Ulhir, 2006).

Philadelphia

In addition to enacting the first Percent for Art requirement among US cities, in 1959, the city also lays claim to the oldest public art non-profit, the Fairmont Park Arts Association, which was established in 1872 (PennPraxis, 2009). According to the Smithsonian Institution's National Museum of American Art, Philadelphia has far more public art than any other city. This puts Philadelphia's public art collection in a league of its own. As of December 2008, the Fairmount Park Art Association's inventory counts 1,458 works of public art within Philadelphia's city limits, excluding the work of the Mural Arts Program (MAP), a social services program that uses arts education and social-driven public-art making activities. The city has the largest number of murals of any US city, with three thousand neighborhood murals. Design Philadelphia, a city-wide 'open house' that opens the city's vast art and design organizations to the general public - the city holds the largest celebration of the impact of design in the country (PennPraxis, 2009). Despite this, funding has been a challenge for Philadelphia's public art programs. The Cultural Fund is the main source for equitable distribution of funds to support the arts but the fund is relatively small and focuses more on organizational capacity than on management of art installations and maintenance of the city's art collection. Management of the city's Percent for Art requirement and the parallel Percent for Fine Art requirement of the Philadelphia Redevelopment Authority has posed challenges as funding and staffing for these programs is limited. According to the latest report released by the Office of Arts, Culture, and the Creative Economy on May 2011, the city has been recommended for a NEA grant of \$35,000 to support the restoration and reinstallation of Rafael Ferer's *El Gran Teatro de la Lunna* in Fairhill Square Park at 5th and Lehigh. The city has also received funding from the National Endowment for the Arts to map public art as part of efforts to manage the city's large public art collection. The following are the major programs of the city:

1. *Percent for Art*

The City of Philadelphia adopted its Percent for Art ordinance in 1959, making it the first city in the US to adopt a percent for art requirement. Philadelphia's Percent for Art requirement applies to the construction costs of all city capital projects, while Percent for Fine Art is a sister requirement administered by the Philadelphia Redevelopment Authority.

2. *Artist Registry*

The program allows artist to participate by maintaining a record of their work with the Philadelphia Public Art program. All professional artists are free to register without any residency requirements, although some opportunities will be limited to the greater Philadelphia region.

3. *Conservation Management*

The program includes professional conservation treatments and repairs to public art in the City's collection. The program demonstrates the City's respect for the past, increases public awareness of the collection, encourages tourism, and attracts new business to Philadelphia. Part of the process is the selection of artworks receive conservation and/or maintenance treatments and occurs from early spring to late fall generally.

Hastings-on-Hudson

Hastings-on-Hudson is a village in southwest Greenburgh, NY that is located along the Hudson River just north of New York City. The Hastings-on-Hudson Village Arts Commission (HVAC) boasts an innovative Rotating Outdoor Sculpture Program and public sculpture selection process. Established in 2006, the Hastings-on-Hudson Public Art Program / Rotating Outdoor Sculpture Exhibit was designed to stimulate community-wide interest and participation in the arts through a rotating series of jury-selected installations at four venues located throughout the village. Each site can temporarily host artwork and receive a new collection for public display every April, August and November (Village of Hastings). Due to the large number of applicants, HVAC will begin hosting six two-month rotations starting in 2012.

The Village's Public Art / Rotating Outdoor Sculpture Program is organized, run, and juried by HVAC, a seven member board, whose mission is to enrich the lives of Hasting-on-Hudson residents and visitors through public art. The rotating public art program was established by the Village Arts Commission to promote the use of Village public spaces for art and develop arts education for the community. The Board cooperates with government and civic agencies, schools, private corporations, and community groups, and facilitates the promotion, selection and placement of rotating public art on behalf of the Village community. The scope of program's artwork extends beyond sculpture and incorporates visual, performing, and literary arts, as well as creative arts brought to Hastings-on-Hudson for the benefit of the community. HVAC provides publicity and promotion of installations as well as equipment and manpower for setting



Source: Hastings-on-Hudson sculpture,
http://sirismm.si.edu/saam/scan3/SNY000956_1b.jpg

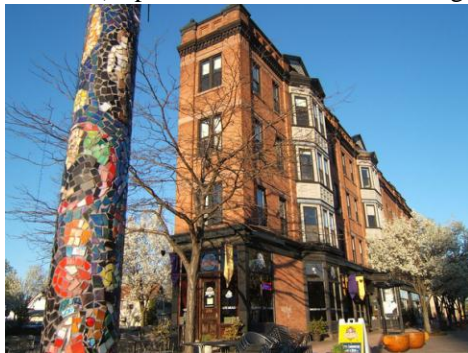
up the sculpture, while the artist or curator is responsible for transport and insurance of the artwork (Village of Hastings).

ARTWalk Rochester

Rochester's ARTWalk is a permanent, interactive art walk combining diverse sculpture installations along University Avenue in Rochester's Neighborhood of the Arts (NOTA). ARTWalk originated from a community effort to reshape plans by the city of Rochester to reconstruct University Avenue. Residents put forward alternative designs that emphasized quality of life, slowed traffic, and incorporated art into ordinary features of the streetscape. By integrating art into the streetscape, ARTWalk has supported the existing arts district identity. In addition to private and community donations, the project was awarded \$234,000 in Federal Transportation Enhancement (TE) funds and \$110,000 in local match funds to build benches, art, decorative sidewalks, and bus shelters (<http://www.rochesterartwalk.org/index.php>).



Source: National Transportation Enhancement Clearinghouse, <http://images.enhancements.org/>



Sources: National Transportation Enhancement Clearinghouse, <http://images.enhancements.org/>

ARTWalk is a truly collaborative program that cooperates with multiple levels of government in its effort to create accessible public art. Since ARTWalk does not own any of the right of way in which it functions, it must consult with city, county, and state officials in order to follow regulations. In addition, ARTWalk believes its artwork should appeal to a broad range of people. Thus, when art pieces are planned, open calls for art are advertised to the community and a jury selects and commissions the work to be made based on this philosophy. An example of the collaborative nature of ARTwalk is the Lightpole Artistic Mosaic Project (LAMP). Under the direction of lead artist, Brenda Weber, people of all ages were invited to use

ceramic, glass and other materials to decorate the light poles along University Avenue (Rochester ARTWALK).

The project has been so successful that an extension is now under construction using \$3.8 million in American Recovery and Reinvestment Act funds, and it is projected to be complete by the summer of 2012. The extension will include decorative sidewalks, art in the sidewalks, interactive plazas with private art, and many more amenities (Rochester ARTWALK).

PUBLIC SCULPTURE IN NEW BRUNSWICK

Demographics and Arts Community

While New Brunswick is home to an active arts community, the arts in New Brunswick are concentrated in the performing arts including, but not limited to, the State Theatre, Crossroads Theatre, George Street Playhouse and the American Repertory Ballet. Despite this

strong arts foundation, New Brunswick’s performing arts are not necessarily accessible to the residents of New Brunswick. According to the 2010 US Census, the population in New Brunswick is young and non-White, and more than a third of the city’s population is foreign-born. A burgeoning Latino population accounts for nearly 50% of the city’s total population, while city also retains a strong Hungarian community. The 2005-2009 American Community Survey found that nearly half of households in New Brunswick are non-family households, demonstrating the strong presence of the Rutgers University student population and the high number of foreign-born residents. Additionally, over a quarter of New Brunswick’s population lives below the poverty level. As can be seen in table 1, the demographics of New Brunswick are very different compared to the demographics for Middlesex County and New Jersey as a whole.

Table 1. Demographic Characteristics of New Brunswick, Middlesex County and New Jersey Residents

	New Brunswick	Middlesex County	New Jersey
Total Population	55,181	809,858	8,801,624
Median Age	23.3	37.2	39
% Hispanic	49.9	18.4	17.7
% African American	16	9.7	13.7
% Non-family Households	45	27	30.7
% Foreign-born	35.5	30	21
% Spanish Speaking (2009)*	43.9	14.2	13.8
2009 Median Income (\$)*	45,645	76,443	67,681
% of People under Poverty Level*	26	8	9
% of Housing Owner Occupied	23.9	66.6	65.4

Sources: 2010 US Census; * 2005-2009 American Community Survey



Source: *As it is Above So it is Below*,
<http://www.masongross.rutgers.edu>

In contrast, a survey of State Theatre Patrons conducted by Rutgers University graduate students in 2001, found that State Theatre patrons tend to be older, White, and wealthier than the general New Brunswick population. Participation of the diverse New Brunswick community in NPBS could enable NBPS to further establish George Street and the SID as a central part of the broader Rutgers and New Brunswick communities and build a stronger connection between residents and the businesses and activities inside the SID. For instance, public participation in planning the reconstruction of University Avenue in Rochester led to completely new proposals integrating

streetscape enhancements and art. These proposals eventually led to a widely recognized and highly successful public art program that helped to solidify NOTA's reputation as an arts district among local residents. Local participation with ARTWalk, as well as ARTWalk's ongoing mini-grants for performances, means residents are continually drawn into the NOTA business district. Participation enabled the results of street reconstruction to reflect residents' interests and values. A key recommendation of this report is that NBPS seek funding and/or collaborate with NBCM or the New Brunswick department of Planning and Development to host community planning charrrattes. This process can help identify the elements of a public art program members of the community feel will contribute most to the community. However, these results don't have to be the sole activities undertaken by NPBS.

Potential Partnerships

Fortunately, New Brunswick Public Sculpture's association with the NBCM is fortuitous in that already has existing relationships with local cultural, historical and arts-based organizations that can assist it with developing a well-rounded public art program. Partnerships can increase the impact of NBPS, create an avenue for community involvement, and bring additional resources NBPS.

Mason Gross School of the Arts

Mason Gross School of the Arts is part of Rutgers University and has specialized departments in dance, theater, music and visual arts. With over 700 undergraduate and over 300 graduate students enrolled in Mason Gross (Rutgers University, 2010), collaboration with Mason Gross may offer opportunities to widen the scope of NBPS. For instance, the



Source: Rutgers Public Sculpture pieces,
<http://nb.rutgers.edu/visit-us/discover-our-public-sculpture>

Source: *As it is Above So it is Below*,
<http://www.masongross.rutgers.edu>

work of Jason Carey-Sheppard, an MFA sculpture student, received the 2011 International Sculpture Center's student award. His piece, *As it is Above So it is Below*, is currently on temporary view at Grounds for Sculpture in Hamilton, New Jersey.

Patrick Strzelec, an associate professor in the Visual Arts department, was enthusiastic about NBCM taking an interest in the visual arts. He said he would welcome a dialogue with New Brunswick Public Sculpture to discuss potential opportunities. Strzelec recommended the use of temporary sculpture to place around the SID. Andrew Zitcer, a PhD candidate at the Bloustein School of Planning and Public Policy and professor of a joint Mason Gross/Bloustein class, Art and City Design, was also intrigued by New Brunswick Public Sculpture. Zitcer recommended utilizing and repurposing existing features of the landscape, like walls, utility boxes and garbage trucks, as a canvas for public art. Both Strzelec and Zitcer expressed cautious interest in integrating the theme of historical sculpture and art into their classes or studios. The concern is that such a venture would restrict student creativity and exploration of art.

Rutgers Public Sculpture

Rutgers Public Sculpture is a University-owned collection of 29 sculptures located throughout the five New Brunswick campuses. The sculptures represent a variety of artistic forms from figurative to more abstract pieces. The website for Rutgers Public Sculpture contains maps of these public art installations by campus that can be printed enabling a self-guided tour of campus art. Patrick Strzelec is one of the main contacts for Rutgers Public Sculpture and stated that temporary loans are possible as long as the recipient covers maintenance and security costs.

Grounds for Sculpture

Grounds for Sculpture is a 42-acre sculpture park and museum located in Hamilton Township, on the former site of the New Jersey State Fairgrounds. It was founded in 1992 by John Seward Johnson II, whose desire it was to make contemporary sculpture more accessible and to offer people from all backgrounds the opportunity to become comfortable with contemporary art (Grounds for Sculpture). The park owns over 240 large-scale contemporary sculptures from renowned and emerging American and international artists, and the collection grows by fifteen sculptures annually. Currently Grounds for Sculpture has a surplus of sculpture, and many pieces sit in storage. Grounds for Sculpture may be willing to collaborate with NBPS by providing sculpture on loan for placement around the SID or in Boyd Park. New Brunswick Development Corporation (DEVCO) recently partnered with Grounds for Sculpture to bring *Floral Exemplar* to the lobby of Heldrich Hotel. The existing GFS outreach program includes educational programs for various ages, workshops for general adults and young artists, tours, and anniversary programs.

Public Art in New Brunswick

Building on NBPS' current emphasis on historically themed sculpture, the case studies provide potential additional directions for NBPS to explore. New Brunswick's diversity, potential local partners, and the city's existing arts community point to a wide scope of opportunities to create a dynamic public art program that highlights the strength of the SID and celebrates the unique history and culture of New Brunswick. The following sections are not necessarily discrete individual proposals but are an effort to link past experience and community resources in ways that appear like they could have a positive impact on New Brunswick.

Contemporary Art Installations

New Brunswick Public Sculpture could complement their foundational historical sculpture of the *Third Reading* with temporary sculpture loans from Rutgers Public Sculpture or

Grounds for Sculpture. A sculpture rotation program similar to Hastings-on-Hudson's has the advantage of bringing new public art while reducing the costs of sculpture commissions to NBPS. Contemporary sculpture could also take a wide range of forms. This includes integrating art into everyday objects and creating a large number of diverse sculptures to enhance the existing streetscape of George Street as well as other key areas of the SID. Participants to focus group sessions recommended decorative bicycle racks and utility boxes, murals, and using empty storefronts for art displays or for creation of a site-specific art project. Contemporary sculpture can also take the form of a small number of larger installations covering a broad range of themes with art selection organized as a competition to be juried by members of New Brunswick Public Sculpture, the general public, and New Brunswick City Market.

Murals

Murals can offer a high quality public art experience. Public outdoor murals can be used to brighten stretches of blank walls of any size and in any type of street environment. The result is an enlivened atmosphere that can make empty, unattractive, and intimidating streets into attractive and comfortable places to walk. Murals can therefore add to the sense of a unified downtown area of interesting and enjoyable streetscapes and encourage visitors and residents to explore areas off George Street as well. Murals tend to be much cheaper than sculpture and also create new opportunities for community involvement that would be impossible in other forms of public art.

Murals are also much more affordable to produce than sculpture or many other public art forms. Supplies can be simplified to just paint and paint brushes, rather than expensive resources. Community involvement can also reduce the cost of mural production. Murals can be utilized as opportunities for up and coming local artists to make their work known to the community. It is also common for the community at large become involved in the production of murals. Painting murals can be an exciting activity for local children and helps make a community more personal to them. These possibilities make murals a cheap and grassroots-based alternative to art forms that require artistic expertise and expensive materials.

Local businesses can also become involved by donating the supplies, or more importantly dedicating their empty walls for use. This can benefit the business by making their location more visible in a formerly stark environment. Adopt-a-Mural programs allow opportunities for businesses or corporations to pay for the production and maintenance of a mural. Common urban mural themes are multiculturalism or the ethnic/cultural makeup of the neighborhood, as well as local historical themes, but the subject of the mural can also be left open to the community for discussion, or creativity by local artists.

Newark, NJ

The Newark Public Art Program started the 'This Is Newark' mural program with the goals of brightening uninviting streets, creating civic pride in public spaces, and creating opportunities for community participation. Every neighborhood is targeted and local artists and community partners are chosen to plan and create murals. Community meetings are held to develop themes for the artist to conceptualize, and then local children from summer programs have the opportunity to help paint the mural. Themes for murals are diverse, running from neighborhood/community revitalization and history to broader themes of culture and nature. The program is funded by a One Percent for Art initiative, and completed 12 murals as of July,

2011.² Completed murals can be viewed at the program's blog, <http://thisisnewark.wordpress.com/>.

Separate from the This Is Newark city program, New Jersey Transit, New Jersey Institute of Technology (NJIT) and the City of Newark collaborated to give the Newark subway Warren Street station a makeover. The station was renamed the Warren Street/NJIT Station to give it a stronger sense of uniqueness, place, and connection to NJIT, and 2 large murals were placed on each platform. The mural on the outgoing platform, where more riders wait for trains, has text detailing the history of the Newark-NJIT relationship, while the opposite platform is more visual and artistic. This project cost approximately \$40,000 and was funded by NJIT student activity fees.³

Jersey City, NJ

The Jersey City Mural Arts Program is a private initiative begun in 2009 that brings local and regional established artists to brighten the walls of Jersey City with their own artistic visions. The goal is to revive lifeless streets and strengthen local businesses, with the ultimate goal of attracting art tourism to Jersey City. The program's murals tend to have nature and animal focused themes, but are ultimately at the discretion of the artist. The program's progress can be viewed at their blog, <http://jerseycitypop.blogspot.com/>.

Philadelphia, PA

Philadelphia's large and successful Mural Arts Program is a public/private organization began in 1984, when Mayor Wilson Goode enlisted muralist Jane Golden to fight graffiti. Golden's unique approach was to enlist the graffiti writers in order to realize their creativity and develop their artistic talent. The program has since produced over 3,000 murals. The program has multiple components. The art education and youth development program engages 500 children each year from underprivileged neighborhoods in mural production and artistic development. The restorative justice program enables crime offenders to take part in mural production and restoration as a form of both community service and rehabilitation. Philadelphia police and prisons collaborate to have inmates, ex-offenders, and juvenile delinquents give back to their communities while also developing new skills. Communities are actively engaged from mural theme conception through production, and community groups can initiate projects by request to the Mural Arts Program. The program has successfully created themed mural tours for different neighborhoods. About half of the program's funding comes from the Philadelphia government, with most of the other half coming from private or corporate donors.

Pontiac, IL and Cuba, MO

The small rural Illinois town of Pontiac has re-energized its economy through murals. Located on historic U.S. Route 66, in 2004 the Route 66 Museum and Visitor's Center was founded in Pontiac, and a Route 66 themed mural was painted on the building. This inspired the city to form a commission to investigate further mural themes and locations to capitalize on the town's potential for heritage tourism. They drew in the Walldogs, a mural painting group of artists from all over North America, who completed 18 murals for a total cost of \$50,000. This total cost included food and housing for the artists, material costs, and other event expenses. The mural paintings coincided with the Pontiac Festival, while a number of other groups and events

² <http://newarknj.patch.com/articles/newark-mural-project-adds-dash-of-color-to-city>

³ http://www.nj.com/news/index.ssf/2011/03/warren_street_stop_on_newark_s.html

were occurring throughout the town, which helped make the mural painting more visible. The murals incorporated themes of America, history, and the small/rural town. This thematic focus helped capitalize on the heritage tourism theme that the town seeks to promote for itself. Ellie Alexander, the Tourism Director of Pontiac, estimated that the murals helped to increase tourism 99%. They also led the town to open the International Walldog Mural and Sign Art Museum, creating another tourist attraction for this small town of less than 12,000 people.

Murals in Downtown New Brunswick

Downtown New Brunswick is dominated by George Street, which has received significant attention and improvements. However, many side streets or peripheral areas have potential to be improved, and wall murals should be considered. The following locations within downtown New Brunswick have been identified as potential mural locations:



Church and Spring St



Albany and Spring St



Albany Street



Paterson Street



Bayard Street



Neilson Street

Art Walk

The downtown area of New Brunswick, which falls within its SID boundaries, has the potential for Art Walk. Placing arts becomes the priority of the process. NBPS has already envisioned a sculpture of “the third reading of the Declaration of Independence” in Monument Square, sculpture of Paul Robeson in the theatre area, and sculpture of Joyce Kilmer in the private park at the intersection of Albany and George Streets. Besides public sculpture on George Street loaned sculpture from Grounds for Sculpture or Rutgers Sculpture could be located in key areas in order to link George Street to other areas of the SID or Boyd Park. Artists from Mason Gross can also contribute to community led public sculpture creation similar to processes that enabled the creation of light post mosaics led by ARTWalk Rochester. The partnerships necessary to realize an Art Walk in New Brunswick, such as Grounds for Sculpture (GFS), Rutgers Public Sculpture program and Mason Gross visual arts department, are all within reach of NBPS. Public amenities might also be utilized as the medium for public arts, such as utility boxes, benches, bike racks, and murals, modeled after ARTWalk Rochester. We have also identified potential for the city to lead in this type of art. Finally, the city’s blank walls are a potential further invitation to public art.

Beyond installations, Art Walk itself can be promoted through public events which complement murals and art installations. A combined visual arts and performing arts Art Walk has the potential to contribute to arts experiences as well as reshape perceptions of George Street and New Brunswick as a stronger arts venue. For example, the ARTWalk Rochester program uses low cost performing arts mini-grants to promote small-scale performances. Art Walk also offers an opportunity to link visual arts in the SID area to other art resources accessible on foot, including the Jane Voorhees Zimmerli Art Museum and the recently opened Alfa-Art Gallery, on Church Street, which features original art from Mason Gross artists. Incorporating community based art production in murals or mosaics could be a complementary component of Art Walk. The motivation of those events is to engage the surrounding community through family events, educational programs in creative visual arts, and to identify the potential of young artists in the community. The success of a very broadly defined Art Walk would be linked to the success of arts in New Brunswick and art planning as a whole. If the city plan does not take into account public art in its process, the growth of such a broadly defined concept of Art Walk is also small. Moreover, a broadly defined art program in downtown New Brunswick, if successful, may attract greater funding and support.

ARTS FUNDING

Overview of Funding

While NBPS has secured \$90,000 for the *Third Reading of the Declaration of Independence*, these funds have come largely from private contributions. Government grants offer funding opportunities for both ‘hard costs’ (commissions, installation, landscaping, and related streetscaping) and ‘soft costs’ (planning and community participation). The diversity of funding opportunities extends far beyond the few grants identified here. However, these grants programs provide examples of how public art funders have evaluated the linkages between art and community. Public art that supports health, education, economic development, or a specific community-based need is more likely to appeal to a different and broader category of contributors both inside and outside of government.

Other potential funding sources include:

1. National Endowment for the Arts
NEA policy requires that for 40% of its supports state arts agencies and six regional arts

foundations. The NEA still has direct grants that can support public art nonprofit organizations.

(<http://www.nea.gov/grants/apply/OurTown/index.html>)

2. New Jersey Council on the Arts

This funding source supports multi-county arts programs and emphasizes community involvement and education over sculpture acquisitions. An arts program must have a regional audience to obtain State Council grant support. In 2012, there will be no grants for new art commissions.

(<http://www.njartscouncil.org/>)

3. Middlesex County

County-level grants focus on community involvement but can also fund new art commissions.

(<http://www.co.middlesex.nj.us/culturalheritage/artgrant.asp>)

4. Transportation Enhancement Activity (Category Five)

Taken from transportation user fees, Transportation Enhancement Activities funding is for enhancing the experience of travelers instead of constructing transportation infrastructure. TEA funding has played a complementary role in public sculpture and art in urban areas through landscaping, streetscaping, or decorative walls.

(www.state.nj.us/transportation/business/localaid/documents/TEHB2005.pdf).

Detailed Grant Descriptions

National Endowment for the Arts

The National Endowment for the Arts (NEA) created the ‘Our Town’ grant category in 2010. The Our Town grant objectives are to fund art that supports community identity, quality of life, creative activity, and economic development. While Our Town has funded public sculpture commissions, grants tend to focus on enhancing art’s impact on community, particularly through cultural district planning, or comprehensive arts planning for a community. When Our Town has funded commissions, those commissions are also typically understood as contributing to community needs. Examples of Our Town grants to Burlington, Vermont and Chattanooga, Tennessee demonstrate the potential of the grant as well as the broad potential of public sculpture and public art.

Burlington, Vermont received a \$50,000 Our Town grant to support the local arts community by funding planning for City Hall Park. The Our Town grant will support community planning to determine how reconfiguring the park as a venue for art events and artists markets can increase access to the arts and support Burlington’s arts community. Strengthening the arts and arts-markets is important to community identity as Burlington and northern Vermont host a large arts community including a wide spectrum of the arts as well as traditional crafts ranging from pottery to maple-sugar confections to hand-woven and hand-died organic wools. Burlington’s arts community forms an important component of its tourist economy, retail trades, and local identity. Arts and crafts are directly linked to the community’s strong tourist and retail base in the Church Street Marketplace. For instance, Church Street Marketplace hosts a number of stores featuring products of local artists and Church Street itself is an important tourist attraction. Artists markets and the arts have a direct linkage to community identity, placemaking, and economic development.

While NEA funding in Burlington is supporting arts-planning, an Our Town grant of \$250,000 will fund public sculpture commissions for a new outdoor sculpture park to be known as Main Terrain in downtown Chattanooga. Prior to applying for the NEA grant the City of Chattanooga held community planning charrettes that identified the need for Main Terrain in order to link growing but pedestrian-oriented areas of Chattanooga. Improve pedestrian access within downtown was an alternative to short driving trips. Incorporating public sculpture was seen as a way to create a recreational space that would encourage physical activity and walking. The park's sculpture will be designed as interactive sculptures in order to promote play and fitness while sculpture will encourage people to use the park for transportation by creating a high quality environment. Roughly 80% of the Main Terrain grant will fund sculpture installations.

Transportation Enhancement Activities

Transportation Enhancement Activities are public investments that directly improve the transportation experience and support other transportation and planning goals. TEA funds have been used for murals and decorative walls in pedestrian- and bicycle-friendly areas and for landscaping and streetscaping for sculpture installations. In the state of New Jersey, category five TEA funds can be used for streetscape enhancements that include "lighting, historic sidewalk paving, benches, planting containers, decorative walls, and walkways". (NJDOT, Page 8). NJDOT is also more likely to support TEA applications which enhance city plans, provide economic and tourism benefits, provide a cultural resource, have community support, or meet other criteria outlined by the state (New Jersey Department of Transportation, pages 14-15). At the same time, promoting walking and encouraging investment in urban centers are important goals of the State Development and Redevelopment Plan. As a non-profit organization NBPS can apply for TEA funding directly with a letter of support from the City of New Brunswick. Access to TEA funding can enable NBPS to maximize its existing resources. For example, Washington, DC utilized one million dollars in TEA funds to create a large plaza to host the African-American Civil War Memorial. The Memorial's position adjacent a subway station entrance along a busy commercial street means the Memorial enhances the transportation experiences of commuters on Metrorail as well as pedestrians while serving as a cultural resource. Location of the sculpture along a commercial strip meant the project was also a place-making tool for the neighborhood.

While TEA can potentially increase the impact of limited sculpture funding, participation by NBPS in ongoing planning efforts may enable it to identify future opportunities to access TEA funding and fit sculpture into larger scale projects. For instance, Spring Street in New Brunswick is one of the first streets visitors to the SID experience when leaving New Brunswick Station but the streetscape of Spring Street is generally unattractive nearer to the train station. At the same time, many think While NBPS continues its emphasis on the delivery its first historical sculpture commission, positioning NBPS and NBCM as participants in planning could be an important step towards integrating sculpture into redevelopment, developing a basis for collaboration with other entities, or accessing other pools of resources for public art and sculpture.

CONCLUSION

The case studies in this section demonstrate that public sculpture has played many important roles in supporting community goals related to health, transportation, tourism, education, and arts education and access. Proximity of public art and sculpture to transportation facilities also means

sculpture and art are important parts of the transportation experience and public realm, particularly for pedestrians. At the same time, the cases also provide examples where community involvement that has shaped a sculpture program led to greater impact and greater financial support.

The case studies also demonstrate there are many ways to envisioning public sculpture and art as contributing to New Brunswick's urban fabric, community, and identity. NBPS' current focus on historically themed sculpture reflects community identity but there are many way that sculpture can appeal to a shared meaning between artist and community. Installations that represent New Brunswick's diversity, culture, and community aspirations may be a means of re-engagement of the SID area and SID business community with a broader spectrum of New Brunswick's diverse ethnic and student communities. Another interpretation might be that NBPS could be a vehicle for enhancing the arts community at the same time as it attempts to improve public access to the arts, and supports the identity of New Brunswick as an arts community, by creating an Art Walk.

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TRANSPORTATION ENHANCEMENT ACTIVITIES, NEW MARKET TAX CREDITS AND NEW BRUNSWICK

December 8, 2011

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EXECUTIVE SUMMARY

Two federal programs, the transportation enhancement (TE) and new markets tax credit (NMTC) programs, were studied to help NBCM find ways to secure additional funding for redevelopment. The following was discovered:

- The TE program is a major source of federal funds with \$35 billion allocated in the last update to the program. TE aims to improve the environment and transportation systems and their surrounding communities. New legislation for the program is expected for 2012.
- The TE program is very flexible in terms of what it can be used for within 12 rather broad categories, almost all of which can be utilized by New Brunswick.
- The TE program has been severely underutilized in New Brunswick. The only TE funding in New Brunswick was \$90,000 for Rutgers University bicycle racks in 1996.
- The NMTC program provides local community development entities with tax credits that they can encourage investors to make available funds in qualified low-income areas and business.
- The NMTC is an important resource for below-market-rate financing in eligible areas where such investments might not be possible otherwise.
- The entirety of New Brunswick is eligible for such investments. The program seems to be an emerging trend in redevelopment tools.

Section 1

TRANSPORTATION ENHANCEMENT PROGRAM

HISTORY AND BACKGROUND

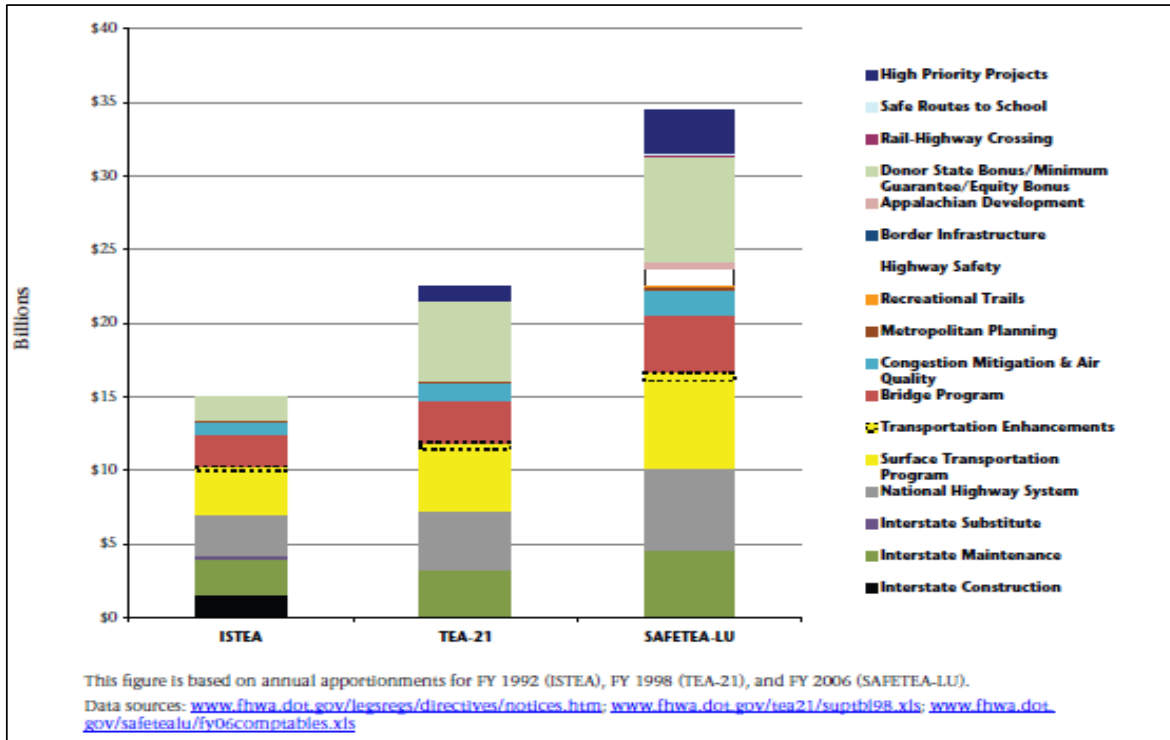
The Transportation Enhancements (TE) program was established by the passage of the Intermodal Transportation Efficiency Act (ISTEA) of 1991. While most federal transportation funds have historically gone toward highway infrastructure, ISTEA encouraged other modes of transportation such as mass transit and bicycle and pedestrian facilities. Transportation Enhancements are “a means of stimulating additional efforts to create an improved transportation environment and system, while making a contribution to the surrounding community.”¹

In order to qualify for funding, projects must meet the criteria of one of the ten eligible activities laid out by ISTEA. The successor to ISTEA, the Transportation Equity Act for the 21st Century (TEA-21), created two additional activities and added the requirement that TE projects must specifically relate to surface transportation. Currently, the TE program is funded by another verbose successor, the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). While SAFETEA-LU is the most recently modified version of the program; however, new legislation is expected for 2012.

Figure 1 below shows the amount and breakdown of allocations for the three laws. ISTEA had a total budget of \$15 million with relatively equal distribution between most of the 9 programs.

TEA-21 saw an increased allocation with about \$22 billion total. The High Priority Projects program was added and the Interstate Construction program was removed. In 2005, the SAFETEA-LU legislation authorized almost \$35 billion with the largest allocations to the Safe Routes to School program and the Surface Transportation Program. The legislation has been extended on an annual basis since its expiration in 2009.

Figure 3 Budget Breakdown for Three Transportation Authorizations



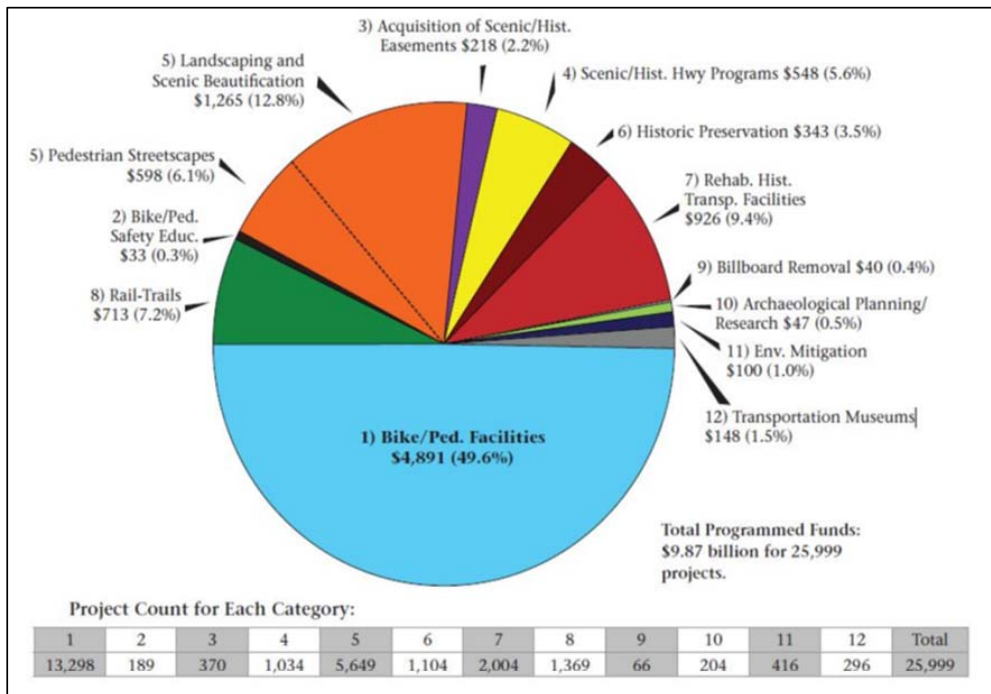
ELIGIBLE ACTIVITIES

The Transportation Enhancement program is funded through a 10% set aside from the Surface Transportation program. Funds are allocated to state agencies who determine eligibility and monitor projects. All activities must hold relevance for surface transportation and encourage intermodalism and be available to the general public or to a broad segment of it. Projects are also not limited to federal-aid highway routes. Applicants are required to meet at least a 20% match for the project, though the average national match rate is 29%. New Jersey actually has a higher average match rate at 37% which make for more attractive and viable projects. The average project award is about \$379,000 for both the Nation and New Jersey.

As noted above, there are 12 categories of activities that are eligible for TE funding, each briefly outlined here. The descriptions are illustrative, and do not necessarily represent all possible activities within each category. Although activities are determined on a federal level, states are

responsible for determining the eligibility of a particular project. The percentage of total TE funding from 1992 until 2010 for each category is given in parentheses and can be seen in **Figure 2**. It is the flexibility of the program that makes it politically attractive and useful for local governments.

Figure 4: TE National Clearinghouse Distribution of Federal Funding by TE Activity FY 1992 - 2010 (millions)



Category 1. Pedestrian and Bicycle Facilities (48.4%) – Representing nearly half of all TE funding, these include sidewalk widening, crosswalk installation, pedestrian light fixtures, benches, bike racks (especially at transit nodes such as bus stops), landscaping, information kiosks, tree guards, bike lane striping, and new or reconstructed sidewalks and curb ramps.

Category 2. Pedestrian and Bicycle Safety and Educational Awareness (0.4%) – Includes promotional campaigns, training, classes, brochures and maps, websites, and helmet giveaways. All safety campaigns should include a definitive timeframe for participation.

Category 3. Acquisition of Scenic or Historic Easements and Sites (2.4%) – Includes the purchase of historic properties or buildings in historic districts, acquisition of scenic land easements, vistas, and landscapes. All property acquisitions must comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act.

Category 4. Scenic or Historic Highway Programs (5.8%) – Includes the construction of turnouts and overlooks; tourist and welcome centers and viewing areas; and designations signs and markings.

Category 5. Landscaping and Scenic Beautification (18.8%) – The activity with the second-most funding, this includes improvements along streets, trails and waterfronts such as street furniture, public art, lighting, landscaping, and the creation of new urban spaces.

Category 6. Historic Preservation (3.6%) – Includes preservation of buildings and facades in historic districts; restoration and reuse of historic buildings for transportation purposes; and access improvements to historic sites.

Category 7. Rehabilitation and Operation of Historic Transportation Buildings (9.9%) – Includes restoration of railroad depots, bus stations, rail trestles, tunnels, bridges and canals.

Category 8. Conversion of Abandoned Corridors to Trails (7.5%) – Includes acquisition of railroad rights-of-way and the planning, design and construction of multi-use trails and rail-with-trail projects.

Category 9. Inventory, Control and Removal of Outdoor Advertising (0.3%) – Includes billboard inventories and the removal of illegal or nonconforming billboards.

Category 10. Archaeological Planning and Research (0.5%) – Includes new research, preservation planning, and the development of signs, exhibits, guides, inventories and surveys.

Category 11. Environmental Mitigation (1.0%) – Added to the list of eligible activities through TEA-21, this includes runoff pollution studies, soil erosion controls, detention and sediment basins, river clean-ups, and wildlife underpasses.

Category 12. Establishment of Transportation Museums (1.4%) – Also added to TE through TEA-21, this includes the conversion of historic properties or transit facilities into museums with transportation themes.

Table 1 below compares the distribution of projects by category between the United State and New Jersey. Where Category 1 Pedestrian and Bicycle Facilities received almost 50% of the funding for the US, in New Jersey only 28.6% were allocated towards these projects. New Jersey has allocated the most towards Category 5 Landscaping and Scenic Beautification projects at 31.6%, which only received 18.9% on the national level. Finally, almost twice as much funding was allocated to Category 7 Rehabilitation and Operation of Historic Transportation Buildings, Structures or Facilities in New Jersey at 19% compared to the 9.4% share for the Nation. This difference is probably due to the fact that New Jersey has a rather extensive, older rail transit system compared to other areas in the country. For most of the other categories, New Jersey and the Nation were relatively similar.

Table 7: Distribution of Funding for TEA Program, US versus NJ, 1992-2010

Category	NJ %	US %
1	28.6	49.6
2	0.0	0.3
3	2.3	2.2
4	2.7	5.6
5	31.6	18.9
6	4.9	3.5
7	19.0	9.4
8	7.4	7.2
9	0.7	0.4
10	0.6	0.5
11	0.8	1.0
12	1.4	1.5

Pie Chart Legend	
1. Pedestrian and bicycle facilities	
2. Safety and educational activities for pedestrians and bicyclists	
3. Acquisition of scenic or historic easements and sites	
4. Scenic or historic highway programs including tourist and welcome center facilities	
5. Landscaping and scenic beautification	
6. Historic preservation	
7. Rehabilitation and operation of historic transportation buildings, structures, or facilities	
8. Conversion of abandoned railway corridors to trails	
9. Inventory, control, and removal of outdoor advertising	
10. Archaeological planning & research	
11. Environmental mitigation of runoff pollution and provision of wildlife connectivity	
12. Establishment of transportation museums	

NATIONAL TEA CASE STUDIES

As of 2010, the average TEA award across the United States was \$379,584 per project. The value of these awards varies by state, from an average award of \$110,557 in Montana to an average award of \$1,385,341 in Hawaii. In New Jersey, the average TEA award in 2010 was \$378,570 – just under the national average. These averages are likely affected by the relative cost of land and construction in each state.ⁱⁱ

ArtWalk – Rochester, NY

In New York, the city of Rochester had the vision to create an art trail to connect the numerous art institutions in the area. Though there were demands to widen the roadway through this corridor, the city resisted, as this would likely increase vehicle speeds. Rather, they applied for TEA funding to bring their vision of the “ArtWalk” to life.ⁱⁱⁱ

In 2003, they received a \$238,000 TEA award that allowed them to improve pedestrian amenities and add art to the corridor. They improved crosswalks, widened sidewalks, added corner bump-outs and new medians, and narrowed parts of the street to slow traffic. In the way of art, they received submissions from hundreds of local artists. Among the art selections chosen were whimsical benches, imprints stamped on sidewalks, mosaic streetlamps, and art displays and sculptures (see **Figure 3**). To help measure the result of these safety and visual improvements, a survey was conducted to assess the opinions of Rochester residents. The survey revealed that residents felt an increased sense of community and civic pride. As one resident commented, the ArtWalk “created a place we are proud of.”^{iv}

Figure 3: ArtWalk – Rochester, NY^v



Salisbury Station Revitalization – Salisbury, NC

The Salisbury Train Station in Salisbury, North Carolina, had become quiet and underutilized. As a result, there were many vacancies in the downtown area. To help revitalize their downtown, the town of Salisbury raised \$2.2 million in private funds to stabilize and renovate the train station. Following this investment, in 1998, Salisbury secured \$900,000 in TEA funds to adaptively re-use the station's restaurant and baggage areas as office space (see **Figure 4**). This investment soon spread to the surrounding area; the town was able to build two landscaped parking lots nearby, as well as a new public park. Buildings were purchased and rehabilitated for residential and commercial use. An investment of \$8 million by Farmers & Merchants Bank allowed them to create a financial center in the area by renovated buildings into office space. The bank also donated a historical building to create a new art gallery.^{vi}

Following this investment, Salisbury was able to secure another \$600,000 in TEA funds for streetscape improvements. With this funding, they installed brick sidewalks, decorative lighting, and landscaping to the area. An economic study of the area showed that the total of \$6 million in TEA funds and other public funds would translate to \$23 million in wages to North Carolina residents over the following 20-year period.^{vii}

Figure 4: Salisbury Train Station – Salisbury, NC^{viii}



Four Corners Streetscape Improvements – Smyrna, DE

In Smyrna, Delaware, TEA funding provided \$992,726 of the \$1.2 million streetscape improvement project along South Main Street, from Commerce Street to South Street in the downtown. The streetscape enhancements included brick sidewalks, granite curbs, curb ramps, as well as parking modifications, street signs, decorative lighting, landscaping, and other site amenities (see **Figure 5**). All aerial utilities were moved underground. The project was completed in August of 2009.^{ix}

Figure 5: Streetscape Improvements - Smyrna, DE^x



NEW JERSEY TEA CASE STUDIES

Funding is allocated to the states in the form of an obligation, with a commitment by the federal government to reimburse states for the federal share of a project's eligible costs. In most cases, the annual obligation limitation distributed is less than the apportioned funding. Obligated funding is then committed to a particular project. The obligation is what marks the beginning of project costs being eligible for federal reimbursement and does not pertain to the time and money involved in the planning of the project. In the past five years New Jersey's apportioned to obligation rate is roughly around 50% compared to the national average of 68% and an unobligated balance of \$34,424,067 (**Table 2**).

Table 2. Benchmarks for TEA Obligation by State, 2006 - 2010

State	5-Year Average Annual Apportionment	2006	2007	2008	2009	2010	5-Year Cumulative Obligation/ Apportioned	Unobligated Balance
Alabama	\$17,310,159	47%	74%	70%	54%	69%	63%	\$226,148
Alaska	\$6,976,381	69%	7%	88%	26%	80%	56%	\$1,556,603
Arizona	\$16,936,800	95%	50%	82%	51%	26%	110%	\$11,911,490
Arkansas	\$11,396,134	31%	37%	31%	-1%	14%	22%	\$9,225,751
California	\$75,529,910	68%	77%	83%	85%	46%	72%	\$8,707,553
Colorado	\$11,943,616	70%	21%	25%	167%	58%	69%	\$18,757,940
Connecticut	\$8,838,173	42%	88%	35%	22%	15%	41%	\$7,400,127
Delaware	\$3,682,966	266%	61%	81%	122%	70%	118%	\$2,828,304
Dist. of Columbia	\$3,276,147	-114%	49%	-37%	50%	245%	45%	\$863,821
Florida	\$50,055,972	64%	69%	64%	224%	86%	102%	\$5,992,717
Georgia	\$33,655,970	14%	40%	53%	51%	15%	35%	\$115,997,319
Hawaii	\$3,714,425	0%	163%	34%	9%	95%	60%	\$12,790,192
Idaho	\$5,609,642	72%	95%	91%	13%	51%	64%	\$0
Illinois	\$28,807,197	30%	58%	43%	27%	20%	35%	\$146,121,359
Indiana	\$22,527,955	105%	76%	130%	79%	87%	95%	\$41,845,626
Iowa	\$10,299,966	171%	100%	61%	89%	97%	103%	\$10,296,800
Kansas	\$10,654,310	159%	166%	129%	78%	5%	107%	\$15,037,622
Kentucky	\$13,192,137	-16%	109%	55%	47%	39%	47%	\$33,964,541
Louisiana	\$12,055,345	43%	44%	48%	93%	82%	63%	\$7,883,750
Maine	\$3,498,891	104%	128%	200%	128%	86%	128%	\$1,687,295
Maryland	\$12,304,109	72%	137%	5%	68%	51%	67%	\$31,495,736
Massachusetts	\$11,917,734	25%	-30%	16%	76%	23%	22%	\$90,359,003
Michigan	\$26,985,571	92%	127%	83%	72%	92%	93%	\$13,252,168
Minnesota	\$16,650,229	90%	68%	61%	58%	88%	73%	\$12,188,444
Mississippi	\$10,930,966	68%	42%	66%	81%	144%	82%	\$29,678,392
Missouri	\$19,787,476	60%	64%	120%	106%	47%	79%	\$57,517,399
Montana	\$6,027,585	70%	67%	100%	15%	121%	76%	\$20,434,042
Nebraska	\$6,882,657	10%	52%	29%	21%	51%	33%	\$6,154,662
Nevada	\$6,130,600	67%	105%	49%	68%	25%	60%	\$223,852
New Hampshire	\$7,888,057	136%	144%	95%	26%	40%	81%	\$6,384,198
New Jersey	\$18,198,532	50%	52%	49%	47%	48%	49%	\$34,424,067
New Mexico	\$7,349,746	54%	64%	50%	76%	75%	84%	\$3,186,963
New York	\$28,947,976	43%	89%	16%	50%	20%	44%	\$117,779,474
North Carolina	\$23,885,010	52%	100%	21%	57%	84%	63%	\$27,915,698
North Dakota	\$4,444,873	108%	86%	61%	105%	45%	80%	\$1,380,568
Ohio	\$28,762,465	51%	63%	87%	79%	66%	69%	\$23,284,778
Oklahoma	\$14,866,742	35%	-25%	61%	64%	42%	35%	\$22,234,303
Oregon	\$9,414,303	73%	43%	62%	89%	67%	67%	\$7,976,487
Pennsylvania	\$27,996,402	142%	100%	172%	77%	131%	124%	\$14,666,407
Rhode Island	\$3,318,810	131%	93%	86%	5%	82%	79%	\$3,609,671
South Carolina	\$15,746,503	29%	24%	115%	44%	17%	45%	\$16,194,973
South Dakota	\$5,454,661	49%	107%	3%	55%	23%	46%	\$3,120,946
Tennessee	\$18,903,630	72%	94%	54%	5%	71%	59%	\$58,099,980
Texas	\$78,234,339	40%	84%	21%	51%	46%	48%	\$85,108,977
Utah	\$6,502,160	253%	106%	86%	105%	68%	121%	\$2,356,430
Vermont	\$3,361,188	86%	149%	68%	19%	38%	70%	\$11,173,786
Virginia	\$22,547,412	90%	5%	46%	86%	99%	65%	\$14,051,087
Washington	\$12,838,086	107%	89%	103%	104%	55%	91%	\$3,966,833
West Virginia	\$6,580,816	43%	139%	81%	124%	113%	102%	\$2,569,407
Wisconsin	\$19,070,722	51%	29%	23%	42%	55%	40%	\$5,192,948
Wyoming	\$3,679,729	122%	118%	63%	106%	79%	97%	\$2,340,795
Total	\$831,571,148	65%	71%	64%	74%	64%	68%	\$1,181,417,434

*A negative rate indicates a net de-obligation (see glossary for definition). Limitation on obligations was approximately 90% under SAFETEA-LU (FY 2005 - 2009)

New Jersey’s transportation enhancements program started in 1992 and has accumulated funding up to \$134,770,700 since then. The majority of the funding is based on three categories; landscaping and scenic beautification, pedestrian and bicycle facilities and rehabilitation, and operation of historic transportation buildings comprising of 79% of the overall funding (Figure 6).^{xi}

Figure 6: Distribution of TEA Funding in NJ, 1992-2010^{xii}

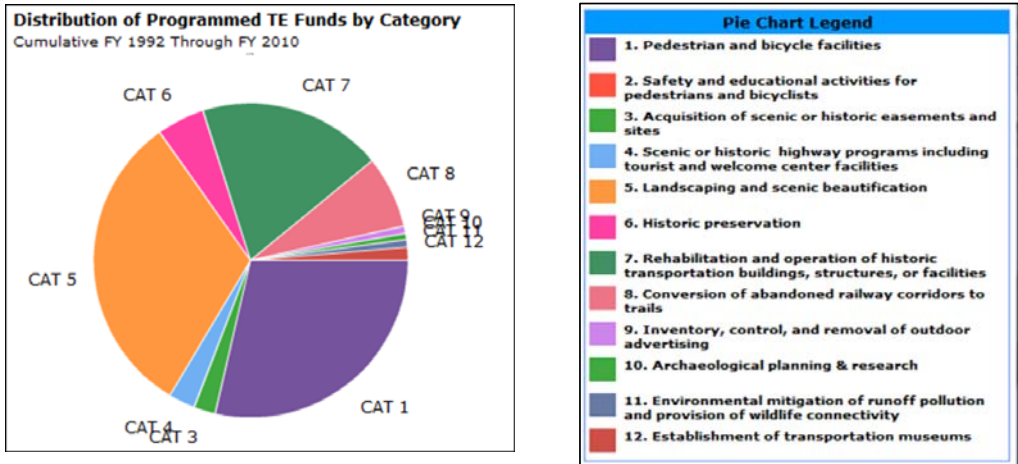


Figure 7 below shows the obligated, apportioned, available and rescinded funds from the National Transportation Enhancements Clearinghouse website for New Jersey from 2002 until 2010 in more detail. Overall, New Jersey has \$364 billion available, apportioned \$156 million, obligated \$78 million and had \$53.6 million rescinded. These numbers might be affected by the influx of American Recovery and Reinvestment act with a one year expiration date in 2008.

Figure 7: New Jersey TE Program Funding

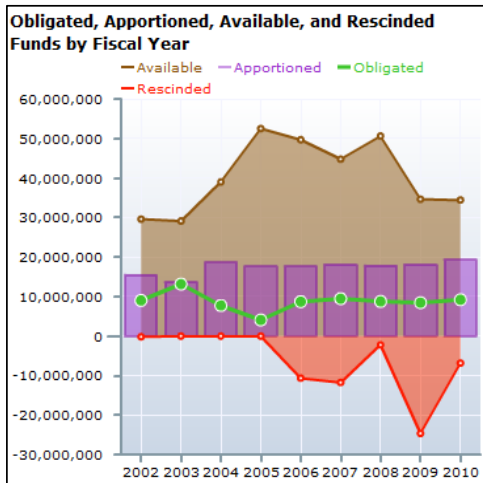
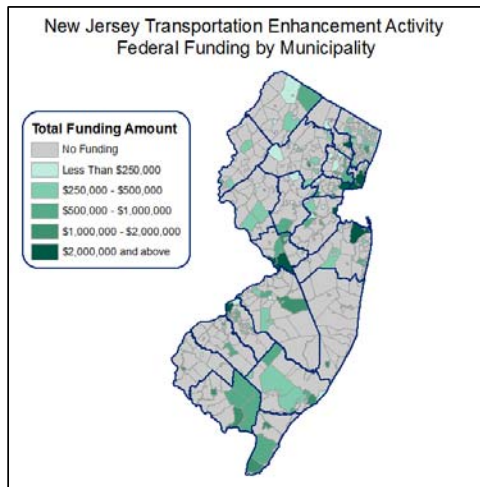


Figure 8: NJ TEA Funding by Municipality



The Transportation Enhancement Program is run on a state level by New Jersey's Department of Transportation (NJ DOT) with funds distributed directly by the state TE Office. Applicants, who consist of municipalities, counties, state agencies and non-profit organizations,

are encouraged to submit applications for all 12 TE categories. The applications, which are comprised of a project narrative, budget and evidence of local support, are all submitted to an advisory committee composed of representatives from NJDOT Local Aid, NJDOT Environmental Bureau, MPO's and the NJ Department of Community Affairs Office of Smart Growth.

Projects are awarded on a number of criteria which include, but are not limited to: anticipated benefits for the community, anticipated number of beneficiaries, whether the project is eligible under multiple categories, environmental impact, its association with comprehensive planning goals, level of support, linkage to transportation system, maintenance commitment and project innovation.^{xiii} **Figure 8** above shows the amount of funding by municipality for New Jersey since the program's inception. Most urban areas within in the state, like Newark, Trenton and Perth Amboy have taken advantage of the program, but most other areas, including New Brunswick, have received very little or none of the funding.

Midtown Transit Plaza – Jersey City

In an effort to continue the recent redevelopment of Jersey City, the city is in the process of developing a pedestrian plaza that is to be serviced by the envisioned Hudson Bergen Light Rail. Part of the Bayfront Redevelopment Plan proposes a station on the northern plaza providing a station for easy commute to the business centers of Jersey City and New York City.^{xiv}

Development will primarily consist of a pedestrian street beginning at the proposed light rail stop at the north of the site and continuing down to Droyers Point at the south. Improvements include the overall construction of the pedestrian plaza which is receiving a total funding of \$1.35 million with a federal award of \$878,734 and a local match of \$471,266.^{xv}



Figure 9: Jersey City Pedestrian Plaza Proposal

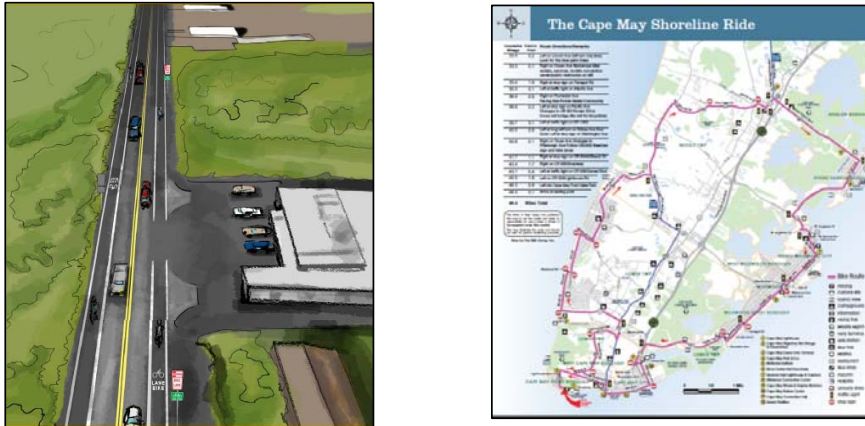
Cape May Point State Park Bike/Pedestrian Trail

Cape May New Jersey in an attempt to implement a biking and pedestrian network have put together a local bicycle and pedestrian assistance study. Proposed development from a pedestrian's standpoint include sidewalk installation along West Cape May Elementary School, providing a safe route for students walking to school. In addition propose sidewalk installation in the downtown business district is set to improve the link between major retail and commercial areas.

The study also proposes the restriping of lanes for parking and also to accommodate bicycle lanes. In an effort to increase the safety for bikers, the city is also proposing additional

signage along Broadway and Sunset Blvd.^{xvi} Falling under the TE category 8 of improved rail lines to bike trails they were able to get a federal award of \$200,000 and the local municipality matched \$400,000.^{xvii}

Figure 10: Proposed Bike Path and Street Improvements along Sunset Boulevard, Cape May^{xviii}



Streetscape Camden, NJ

The city of Camden in an act to improve their facilities has also implemented TEA’s into their downtown district, specifically the down towards the Waterfront. The proposed project seeks to improve areas where tourism attractions such as Wiggins Park and Adventure Aquarium exist. Extending work already done above 5th Street down to the Waterfront, improvements will consist of revitalized sidewalks and landscaping as well as new lights and signs. New water and sewer lines are also going to be incorporated in the plan when they extend the existing street width for bike lanes.

Categorized as TE 1, pedestrian and bicycle facilities, the project finds ways to incorporate other enhancements such as new water and sewer lines. Taking into consideration that the street is going to be excavated for widening purposes when they insert the bike lanes, the city has found a way to maximize their funding of \$750,000.^{xix}

Figure 11: 5th Street in Camden, NJ^{xx}



Section 2 NEW MARKET TAX CREDIT PROGRAM

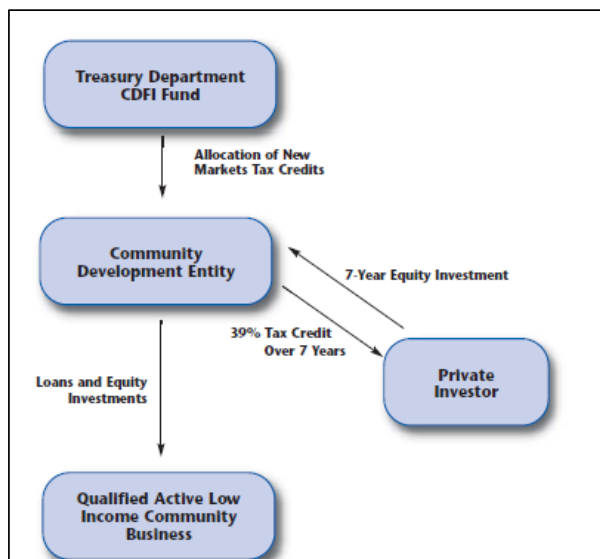
HISTORY AND BACKGROUND

Authorized in December 2000 under the Community Renewal Tax Relief Act, the new market tax credit (NMTC) program provides investors with tax credit incentives who invest in certified Community Development Entities in low-income communities. The program is administered by the Community Development Financial Institutions Fund, a division of the Department of Treasury. The conditions necessitating the program were described in the original legislation:

“...there are good business opportunities in low income communities, but the cost and scarcity of capital in these ‘New Markets’ is a substantial impediment to spurring economic growth.”^{xxi}

The program seeks to create economic opportunities in areas where they might not otherwise be viable by providing below market-rate financing. **Figure 12** shows a basic model of the NMTC program. First, the Treasury Department allocates tax credits to local Community Development Entities (CDEs). These CDEs serve as intermediaries between investors and low-income communities (LICs) and businesses. In exchange for investors’ Qualified Equity Investments (QEI) of stock or capital interest in the CDEs, investors are provided with a 39% tax credit for 7 years. CDEs are then expected to invest essentially all of these investments in qualified areas.

Figure 12 New Market Tax Credit Process



Source: Rapoza. New Market Tax Credit 10th Anniversary Report

KEY TERMS

Community Development Entities (CDE): “domestic corporations or partnerships that serve as intermediary vehicles for the provision of loans, investments, or financial counseling in low income census tracts (low-income communities, LICs).

Qualified Equity Investments (QEI): investments of stock or capital interest by investors in CDEs

Qualified Low-Income Community Investments (QLICI): CDEs are then required to invest ‘substantially all’ of the QEIs in to low-income qualified areas or businesses

Qualified areas have to meet several criteria before they are eligible to receive QEIs. First, eligible census tracts are identified as those where median family income at or below 80% of area median income (AMI) or with a poverty rate of 20% or greater. In order for these census tracts to competitively qualify as a tract for NMTC, they must also be severely distressed. Severely distressed areas then either qualify for primary or secondary criteria.

Primary criteria areas meet the basic NMTC eligibility plus one of the following characteristics: having a median family income at or below 60% of AMI, having a poverty rate at or above 30% or have an unemployment rate of at least 1.5 times the national unemployment rate. Secondary criteria areas are more distressed than primary criteria areas, meet basic NMTC eligibility, plus two of the following factors: meeting NMTC Heavy Distress requirements, being located within certain zones such an empowerment or urban enterprise zone.

ELIGIBILITY AND TRENDS

Figure 13 below displays a map identifying NMTC eligibility areas in Middlesex County. The yellow represents areas that meet the basic eligibility requirement, but not primary or secondary criteria. The red areas represent census tracts that meet primary criteria and the orange those that meet secondary criteria. As the map shows, most of the primary and secondary eligible areas are in urban areas of the county like Perth Amboy, Edison and Carteret. Since 2002, New Jersey has received \$490 million dollars in NMTC. Cities like Newark, Jersey City and Elizabeth are some of the major recipients for funding in the state. As of 2009, Middlesex County had only received a little over \$12 million.

Figure 13: NMTC Eligible Census Tracts, Middlesex County, NJ

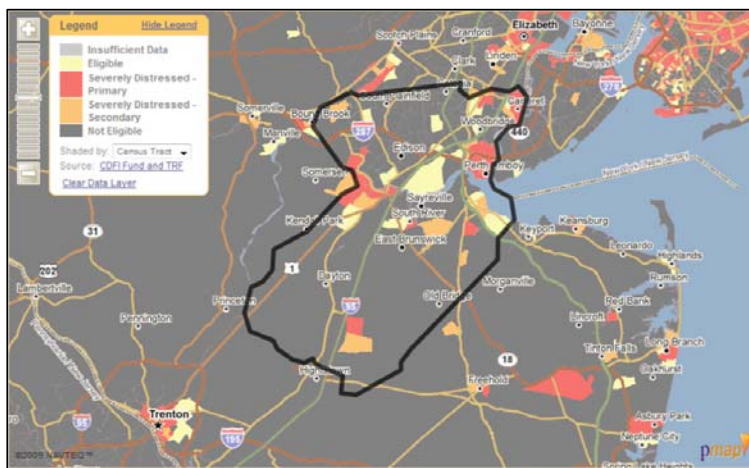
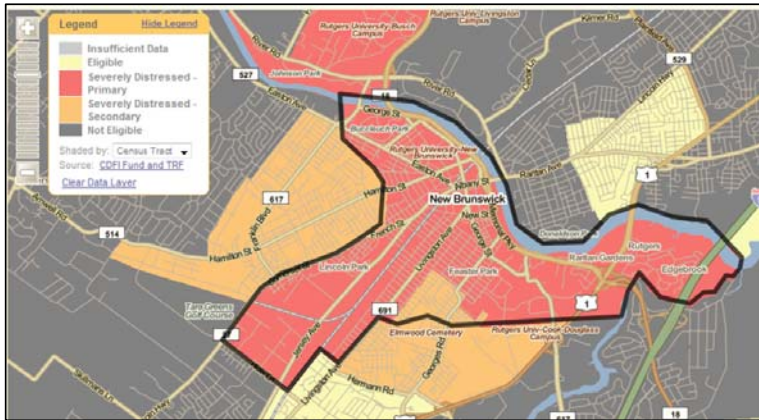


Figure 14 shows the same information for New Brunswick. All of New Brunswick is basic NMTC eligible. Most of the City is primary eligible and a small portion in the central area of the City is secondary eligible. Despite these characteristics, until 2009, the city had only received \$2.6 million in for a charter school. However, in the past year, the local development corporation, *DevCo*, has used NMTCs to move along a supermarket and wellness center in the City's core.

Figure 14 NMTC Eligible Census Tracts, New Brunswick, NJ

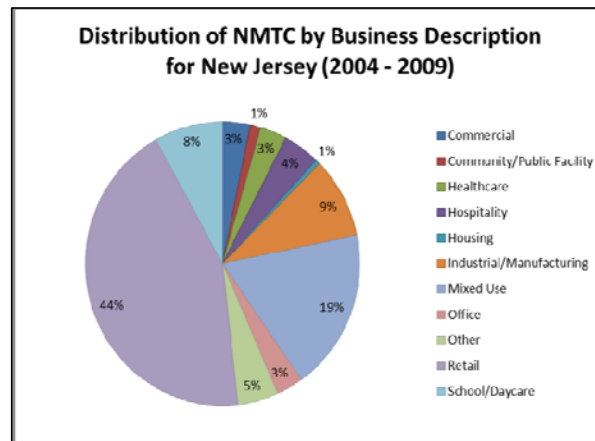
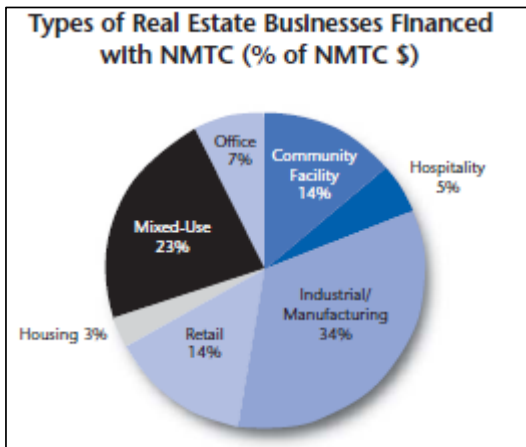


pie show for created

The two charts below show the breakdowns of what type of businesses were using NMTC.

Figure 15 shows the distribution of funds since the program's inception in 2000. Nationally, industrial/manufacturing received the largest percent at 34%, followed by mixed-use at 23% and then community facilities at 14% of the total. For New Jersey, **Figure 15** shows a breakdown from 2004-2009. In contrast, the largest shares went to retail at 44%, then school/daycare at 19% and then industrial/manufacturing at 9%.

Figure 15: Distribution of Uses for NMTC



Source: Rapoza. New Market Tax Credit 10th Anniversary Report

NMTC CASE STUDIES

Dumas Hotel and Strand Theatre – Roanoke, VA

The Gainsboro Neighborhood of Roanoke, Virginia was a African American cultural and arts Mecca for most of the early and mid-20th century. Two important structures , the Dumas Hotel and the Strand Theater, played host to many of these artists, including Duke Ellington and Louis Armstrong. However, due to racial prejudices and economic issues, the neighborhood began to decline in the 1960s to the point where the area had a 40% poverty rate by 2000. In 2004, the City of Roanoke completed its comprehensive plan and designated the Gainsboro area for redevelopment and reinvestment. The Dumas Hotel and the Strand Theater were targeted for revitalization.

In an effort to restore these building and reinvest in the community, the City contacted Hampton Roads Venture, a CDE investment firm in Norfolk, Virginia. They wanted to invest in these properties, but because of the conditions of the surrounding community, interest in investing in the projects was difficult to develop. Therefore, Hampton Roads Venture used NMTC to provide below-market financing that even allowed a local community action agency to retain ownership of the historic Dumas Hotel.

In the end, the hotel became a center for the arts, as seen in **Figure 17^{xxii}**, a \$4.4 million renovation, of which \$4.1 million was NMTCs. The theater became an educational complex which includes a culinary school that has been at capacity enrollment since its creation. This project was a \$7 million renovation utilizing \$5.7 million in NMTCs. These projects were catalysts in the community for further development since including new businesses and housing.

Figure 17: Dumas Hotel and Strand Theater Interior Renovations



Source: <http://www.dumascenter.org/history.html>; <http://www.education.edu/events/claudemooore.html>

Shops at Park Village – Congress Heights, Washington DC

Congress Heights is a community on the outskirts of Washington DC that was experiencing a 44% poverty rate and an unemployment rate 4 times that of the US. The community had no restaurants, retail or grocery store. Despite the large population within the community, the amount of debt required to build in the area coupled with the deteriorating conditions of the surrounding area detracted business from investing in the area. As a result, an old abandoned National Guard base was selected as an opportunity for investment into the community using NMTCs.

What resulted was a \$20.6 million project that used \$17.6 million in NMTCs to raise the amount of funding to create The Shops at Park Village. The development included a major supermarket that also included a pharmacy, post office and bank, as well as smaller retail stores and restaurants. Later, they built a public library within one of the store spaces, which is constantly in use. The project created 153 jobs and as a result helped revitalized the surrounding community, as housing developments began to show up soon after.

**Figure 18: The Shops at Village Park, Congress Heights
Washington DC**



Implication for New Brunswick City Market

The funding sources can be very powerful and useful tools for local communities trying to redevelop in low-income and struggling areas. New Brunswick is eligible for both of these programs and could really benefit from them as a means to revitalize the city. As mentioned, DevCo is currently using the NMTCs to bring a supermarket into the area. Because of the two programs flexibility, there are many other opportunities and types of projects that New Brunswick would be able to envision as a result of this available funding.

In terms of the TE program, the NBCM could look into developing bike lanes and doing street improvement on Neilson Street. The street could be improved to look similar to George Street, which was recently improved. The inclusion of a bike lane would be beneficial for students and commuters to connect to existing lanes and improve cyclist safety. The funds could

also be used in areas that the SID is considering expanding into, such as Easton Avenue. Again, this could include streetscaping and beautification, but the funds could also be used to improve the facades of the many historic buildings throughout the SID. The NMTC program can be used to finance projects that are in the planning phase and as an opportunity to pursue needed business for the downtown or to provide for the 20% matching requirement for TE programs.

Either way, the two program are important tools to consider due to their flexibility and alignment with the characteristics and needs of New Brunswick. Unlike other traditional redevelopment tools, such as TIFs or PILOTs, they do not affect the City's revenue stream or divert funds from other areas that most likely need the funds even more during these difficult times. It would be smart for the NBCM to look further into their options.

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- ⁱ TE Clearing House Program Brief <http://www.fhwa.dot.gov/environment/te/brief.htm>
- ⁱⁱ TE Spending Report, FY 2010; National Transportation Enhancement Clearinghouse.
- ⁱⁱⁱ Communities Benefit! The Social and Economic Benefits of Transportation Enhancements, pg 4-5; National Transportation Enhancement Clearinghouse.
- ^{iv} Ibid.
- ^v Ibid.
- ^{vi} Communities Benefit! The Social and Economic Benefits of Transportation Enhancements, pg 20-21; National Transportation Enhancement Clearinghouse.
- ^{vii} Ibid.
- ^{viii} Ibid.
- ^{ix} Ceremony Marks Completion of Smyrna Streetscape Improvements Project – August 18, 2009; SBYNews: <http://sbynews.blogspot.com/2009/08/ceremony-marks-completion-of-smyrna.html>.
- ^x Delaware.gov, The Official Website of the First State; http://www.deldot.gov/information/projects/outstanding_projects/2009/smyrna_4corners.shtml.
- ^{xi} National Transportation Enhancement; <http://www.enhancements.org/profile/NJprofile.php>
- ^{xii} National Transportation Enhancement; <http://www.enhancements.org/profile/NJprofile.php>
- ^{xiii} New Jersey Department of Transportation; <http://www.state.nj.us/transportation/business/localaid/enhancements.shtm>
- ^{xiv} Bayfront Redevelopment Plan; http://www.bayfrontjerseycity.com/pdf/Section_1_Description_2.13.2008.pdf
- ^{xv} TE enhancements project list; http://www.enhancements.org/projectlist_search.asp
- ^{xvi} Borough of West Cape May Bike Local Bicycle and Pedestrian Assistance Study http://www.westcapemay.us/updates/bicycle_and_pedestrian_planning_study.pdf
- ^{xvii} TE enhancements project list; http://www.enhancements.org/projectlist_search.asp
- ^{xviii} Borough of West Cape May Bike Local Bicycle and Pedestrian Assistance Study http://www.westcapemay.us/updates/bicycle_and_pedestrian_planning_study.pdf
- ^{xix} <http://www.state.nj.us/transportation/business/localaid/documents/RecipientsforARRA-TE.pdf>
- ^{xx} <http://s206235575.onlinehome.us/tee/Camden2.html>
- ^{xxi} New Markets Tax Credit Coalition. 10th Anniversary Report. 2010. Rapoza Associates
- ^{xxii} <http://www.education.edu/events/claudemooore.html>

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