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## In New Brunswick, a Mixed-Use Project Is Bustling

By ANTOINETTE MARTIN

IN this sluggish real estate market, how is it possible that a major mixed-use project with 150 rental units and 42 condominiums can actually be proceeding?

“Stubborn determination, and extreme cooperation,” said Christopher Paladino, the president of the New Brunswick Development Corporation. His public/private company, known as [Devco](#), was founded 35 years ago at the behest of the local pharmaceutical giant Johnson & Johnson, which had pledged to leave the struggling downtown area unless all parties joined in trying to save it.

In the years since its inception Devco has spurred and overseen construction of four public buildings (including the Middlesex County courthouse), four mixed-use developments (including the Heldrich Hotel), four school buildings (including New Brunswick High School), and two apartment towers in the downtown area. It has also renovated three theaters and a convent.

The current Devco project is Gateway Transit Village, a tower rising beside the New Brunswick train station and across College Avenue from the [Rutgers University](#) campus.

The 624,000-square-foot building will have a public parking structure at the core of its first 10 stories; that core is to be wrapped in commercial and office space. A glass residential tower 14 stories tall will sit atop the parking structure.

A skywalk over College Avenue will connect the Gateway building with the entrance to the campus and the westbound platform of the train station. When complete, the 270-foot-long bridge will have LED lighting and digital signs providing real-time train information, as well as seating areas with live plantings.

“Despite the housing market doldrums, in the middle of winter,” Mr. Paladino said, “we have managed to get seven stories of the parking structure up, and the walkway, also, ahead of schedule.” He said the garage and the commercial space, including a new Rutgers University Barnes & Noble bookstore and five levels of offices, would open in September.

As for the residences — 10 floors of rentals and 4 levels of penthouse condos — they are scheduled to be complete by April 2012.

The construction is going quickly, he said, because there are few competing projects moving forward right now. “Everyone in the construction industry is wanting to work,” Mr. Paladino said. “We have hundreds of workers ready to go all the time and suppliers ready to ship.

“The great thing here is that we are moving ahead of the curve,” he continued.

Like all Devco’s projects, this one involved creative packaging of public and private funds to make it happen, and this time it had to be accomplished during a financing drought.

Many private developers have complained bitterly over the last couple of years that lenders have become closefisted about condos. But Devco obtained a \$10 million construction mortgage for the condos at Gateway; it will close on the loan, from a consortium of New Jersey-based banks, next month, Mr. Paladino said.

For the rental apartment construction, a \$63 million financing package was assembled with loans from two banks, equity financing from two construction partners, and the selling of federal and state tax credits.

In early 2009, Gateway was the first project to be designated as eligible for the new [Urban Transit Hub Tax Credit Program](#). Under the program, credits are issued against income taxes that would be owed by businesses locating in newly built offices within a mile of a transit center; the credits can be used to attract tenants, or else be sold as commodities.

In Gateway's case, Mr. Paladino said, the sale of the tax credits helped subsidize the setting aside of 38 rental units as "affordable," meaning that rents in those units are tailored for people earning a percentage of the area's median income to be determined by the state.

The federal tax credits were awarded through a program that supports development in new and emerging markets.

The way things are going, though, that description may not apply to the downtown area for much longer. In late January, a seven-year-old rental building on Route 18 was sold to John Hancock Life Insurance for \$112 million by its group of developers. In the announcement of the sale, the brokerage CB Richard Ellis said that the building brought an attractive price because it is set amid a "burgeoning 24/7 downtown."

"Burgeoning" does seem a fitting description. Once the Gateway building is complete and fully open, Devco has set plans to move forward with a project a block away: Wellness Plaza, a 585,000-square-foot 12-story building to go up next to the Ferren Mall.

The building will house a full-service grocery store for the growing population in the area, as well as the Robert Wood Johnson Fitness and Wellness Center and offices for Robert Wood Johnson University Hospital, a partner in the project. An arrangement is already in place with the city for all of New Brunswick's sixth-grade public school students to get swimming instruction at the fitness center pools.

The opening of the Wellness Center is planned for September 2012.

*This article has been revised to reflect the following correction:*

***Correction: February 20, 2011***

The "In the Region" article in some copies last Sunday, about the Gateway Transit Village, a new mixed-used complex in New Brunswick, N.J., described incorrectly the timetable for the opening of the Robert Wood Johnson Wellness Center, to be housed in the Wellness Plaza, a 12-story building to go up next to the Ferren Mall. September 2012 is the target month for the opening of the center, not for ground-breaking.