

New Brunswick to Get Two New Rental Buildings

767 apartments to go up in a public-private partnership.

By RACHELLE GARBARINE

THEY have been covered with asphalt for more than a decade. But later this year, work will begin to erect housing on two parking lots across Neilson Street from each other and not far from this city's gradually reviving downtown.

Within three years a total of 767 rental apartments in two buildings, one five stories high and the other 10, are to fill the lots. Between the buildings are to be 28,800 square feet of stores and 1,703 parking spaces, including a 1,025-car garage in the taller structure.

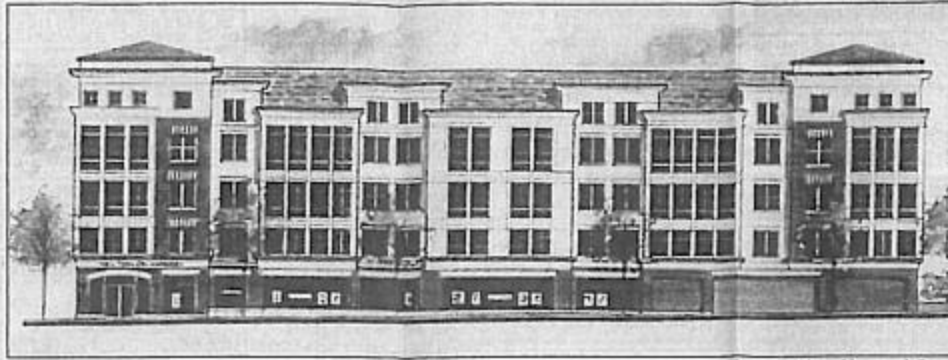
Two existing office buildings totaling 210,000 square feet that are adjacent to the lots are to be refurbished as part of the \$130 million project, which is being developed by Plaza Redevelopment in partnership with the nonprofit New Brunswick Development Corporation.

Plaza is a joint venture of Matrix Development Group of Cranbury, known primarily for its development of suburban warehouse distribution centers, and the Applied Development Company of Hoboken and the Roseland Property Company of Short Hills, both active residential builders. New Brunswick's Redevelopment Authority named the group the developer of the 10.5-acre parcel, bounded by Route 18 and Burnet, George, New, Liberty and Richmond Streets.

Matrix is to refurbish the offices. All three partners in Plaza are to be involved in the residential components, but Roseland will be managing partner for the 417-unit mid-rise building, the Highlands at Plaza Square, while Applied is to be the managing partner for the 350-unit high-rise, to be called the Metropolitan.

The large commitment from the private sector, New Brunswick officials said, is a major endorsement of their 25-year effort to draw investment to the city. It will also bring more market-rate housing to downtown.

Three such projects, Riverwatch Court, Riverwatch Commons and Hiram Square Town Homes, totaling 200 rentals and 35 town homes, were completed by the Applied Company over the last three years on two blocks adjacent to the new project, showing that "people want to live in downtown New Brunswick," said David Barry, a vice president at Applied. The other developers



The Lessard Architectural Group

Rendering of the Highlands at Plaza Square, above, which is to have 417 apartments in New Brunswick. The Metropolitan, right, is to have 350.

agreed. The new rentals, they added, will surpass the existing ones in amenities and rents.

"Expanding the housing to two adjacent blocks," said Glenn Patterson, director of the city's Department of Planning, Community and Economic Development, "will help create a critical mass of residents downtown."

And more residents, said Christopher J. Paladino, president of the New Brunswick Development Corporation, will "impact the retail sector," which still needs a boost. Moreover, he said, the new housing will push forward other projects planned in that immediate area.

They include a mixed-use building announced in 1999 that is planned to rise across George Street from the new rentals. It is to house hotel rooms, corporate apartments and a new home for the John J. Heldrich Center for Workforce Development, part of Rutgers University. Mr. Paladino said that \$12 million is being sought from the state to complete financing for the Heldrich Center project.

THE 767-apartment housing development conforms with the state's Development and Redevelopment Plan, which encourages growth where highways, mass transit and utilities are in place and discourages it in less developed areas.

While the plan, adopted in 1992 and now being revised, cannot block development, developers say that it has been made stronger by recent state initiatives, among them state agencies' using the plan to allocate funds and establish regulations, the state's pledge to buy a million acres of land and preserve it as open space, and the state's push to encourage the reuse of former polluted sites in cities.

Previous plans for the two parking lots involved putting up office buildings. But none of those plans moved forward.

In 1999 Matrix Development Group, with

AEW Capital Partners of Boston as a financial partner, bought the lots and the then half-vacant office buildings, for \$14 million from a lender who had taken them back from a previous developer.

Joseph Taylor, Matrix's president, said the partners did so because "New Brunswick, with its train and highway access as well as record of investment, is a city whose time has come." He said the purchase also supported his company's ongoing efforts to diversify.

Originally, he said, the plan was to refurbish the office buildings and develop the lot closest to them, which is three acres, with more offices and some stores over a parking garage for existing office tenants as well future users. The other lot, 5.8 acres, would have been developed with housing.

Mr. Taylor said it soon became clear that both lots should be developed for residential use, given the success of the nearby Riverwatch projects and the feeling that the demand in general in the city was stronger for housing than for more offices.

One reason for choosing residential, said Marshall Tycher, a Roseland principal, is the competition from the nearby Princeton Route 1 office market, 15 miles to the south. Most of the 1.3 million square feet of office space completed in that market in the last two years has been absorbed, leaving it with a vacancy rate of 9 percent at the end of 2000, according to Cushman & Wakefield, the commercial real estate services firm.

Mr. Taylor said the Matrix-Roseland-Applied joint venture was formed not only to tap the partners' experience but to spread the risk of so large a project. Matrix and AEW dissolved their partnership after selling the site to the new development group, Mr. Taylor said. He added that plans for the office buildings, now 80 percent leased, include renovating their lobbies and common areas.

Mr. Tycher said that combining forces would speed the building process, attract



DeWitt Tishman Architects



The New York Times

financing and better withstand the repercussions in case of an economic slowdown. But, he said, making the economics work also called for getting the public sector involved.

The city amended its redevelopment area to include the site, which Mr. Patterson, the city's planning director, said enabled "us to provide the project with a 20-year tax abatement and to have a little more control on what gets built."

The Applied Company is also working with the New Brunswick Parking Authority to build the 1,025-car garage within the high-rise. The authority will sell tax-exempt bonds for the garage, and ultimately buy the garage, making the economics of high-rise construction viable, said Mr. Barry, the Applied vice president.

Because the garage will also be used by the Heldrich Center development planned across George Street, its economics also are enhanced, Mr. Paladino said, adding that an

underground garage planned for the Heldrich site has been eliminated. Construction of the center is expected to start this summer if the necessary money is obtained, he said.

That is about the same time work is to begin on the Highlands at Plaza Square, designed by the Lessard Architectural Group of Vienna, Va. Mr. Tycher of Roseland said the mid-rise would contain apartments with one or two bedrooms, or two bedrooms plus dens, ranging from 711 to 1,560 square feet.

THE brick siding and stucco building is to feature such amenities as washers, dryers and high-speed Internet access for each unit, a health club, a business center and an outdoor pool.

Rents are to be \$1,300 to \$2,200 a month, Mr. Tycher said, adding that the project is being targeted to young professionals working in New Brunswick as well as along the Route 1 corridor.

The Metropolitan, the high-rise, will feature studio to two-bedroom apartments with 800 to 1,000 square feet and will also have washers and dryers and high-speed Internet access in each unit, said Mr. Barry of Applied.

Amenities planned for the brick building, designed by the Manhattan architect Peter DeWitt, include a 24-hour concierge desk and a health club. There will also be a landscaped courtyard atop the four-story parking garage, which will have retail stores on the first floor. Apartment rents are to range from \$1,000 to \$1,750 a month, Mr. Barry said.

New Brunswick needs a total of 1,000 to 1,500 residences downtown to truly turn it into a 24-hour, seven-day-a-week neighborhood, Mr. Barry said. Adding the 767 new units, he said, will be a huge step in that direction.