

Short-term bonding key to de

Sund Oct 21, 1983

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NEW BRUNSWICK — A combination of city interests, Johnson & Johnson, the New Brunswick Development Corp., and federal aid — chiefly Urban Development Action Grants — have sparked downtown revitalization since 1975. Mayor John A. Lynch observed.

And the time has now come, he said Friday, for the city itself to take a new leading role in financing downtown redevelopment. The mechanism? Short-term bonding.

Lynch also said that redevelopment has progressed to the point where private funding could be expected to carry projects without the help of the federal urban development grants, which up to now have been synonymous with downtown revitalization.

But the mayor did not completely renounce city interest in the grants. With its experience in the grant competition and success so far, not going after the grants "would be like putting a .350 hitter on the bench," he said.

Lynch's observations came as he explained the likely future of the announced downtown development projects that remain after a Church Street retail-office plan and Edpas Road apartment plan last week won a total of \$9.1 million in federal Urban Development Action Grant backing.

The remaining projects are:

- The NewCity Centre, a \$35 million, 10-story, office-parking-transportation complex to be erected in the "Golden Triangle" next to the railroad station. The developers are Garibaldi Realty Corp. of Springfield and Rothe-Johnson Associates, a Woodbridge architectural firm.

- The Hiram Market retail-housing project — a \$27 million plan to develop 175 \$100,000 condominiums between Hiram and Richmond streets and 50 \$700-per-month rental apartments located over new retail stores along Hiram Street. Co-developers of this project are the city's development land bank, the New Brunswick Development Corp. and Summit Enterprises Inc. of Fredericksburg, Va., which was founded by Alan Voorhees, a member of a prominent New Brunswick family.

- Also on a back burner is developer Don Gatarz' proposal for an eight-story office building with retail arcade and parking deck for upper Church Street.

In July, the city withdrew all three from the UDAG competition, acknowledging that they could not currently meet the stringent requirements for private financing set by the administrator of the grants, the federal Department of Housing and Urban Development.

It had been assumed that redevelopment officials would keep working on the projects and re-enter the grant competition. Applications for the next round must be submitted this month.

In the past, city officials have said UDAG funds are crucial to reduce the cost of buying expensive urban

land and relocating the existing commercial or private tenants.

But Lynch said Friday that for the NewCity Centre and Hiram Market projects, redevelopment had reached the point that city bonding could be used just as the UDAG grant had.

"We have projects that can be put together without the necessity of UDAG — that's probably what will happen with larger projects," he said, adding that he was referring to NewCity Centre and Hiram Market.

"The city is now going to be the main vehicle — it has the resources, the risks are not what they once were. The city has come of age," Lynch said.

The city's director of economic development, Frank Nero, likened the bonds to "mini-UDAGS." He explained that what redevelopment of-

officials have in mind is short-term (two- to six-year) revenue bonds floated by the city to acquire land and carry projects through construction.

Developers would pay the debt service and repay the loans just as they do the current UDAG grants, Nero said.

Why is this method viable now when it was not used earlier?

Technically, Nero said, bonding could have been used earlier. But until a development base had been established, developers wouldn't take the risk, and the city, too, would have been at greater risk.

"We had to use UDAG and DevCo to get it going," Nero said, noting that other cities have used bonding in this way.

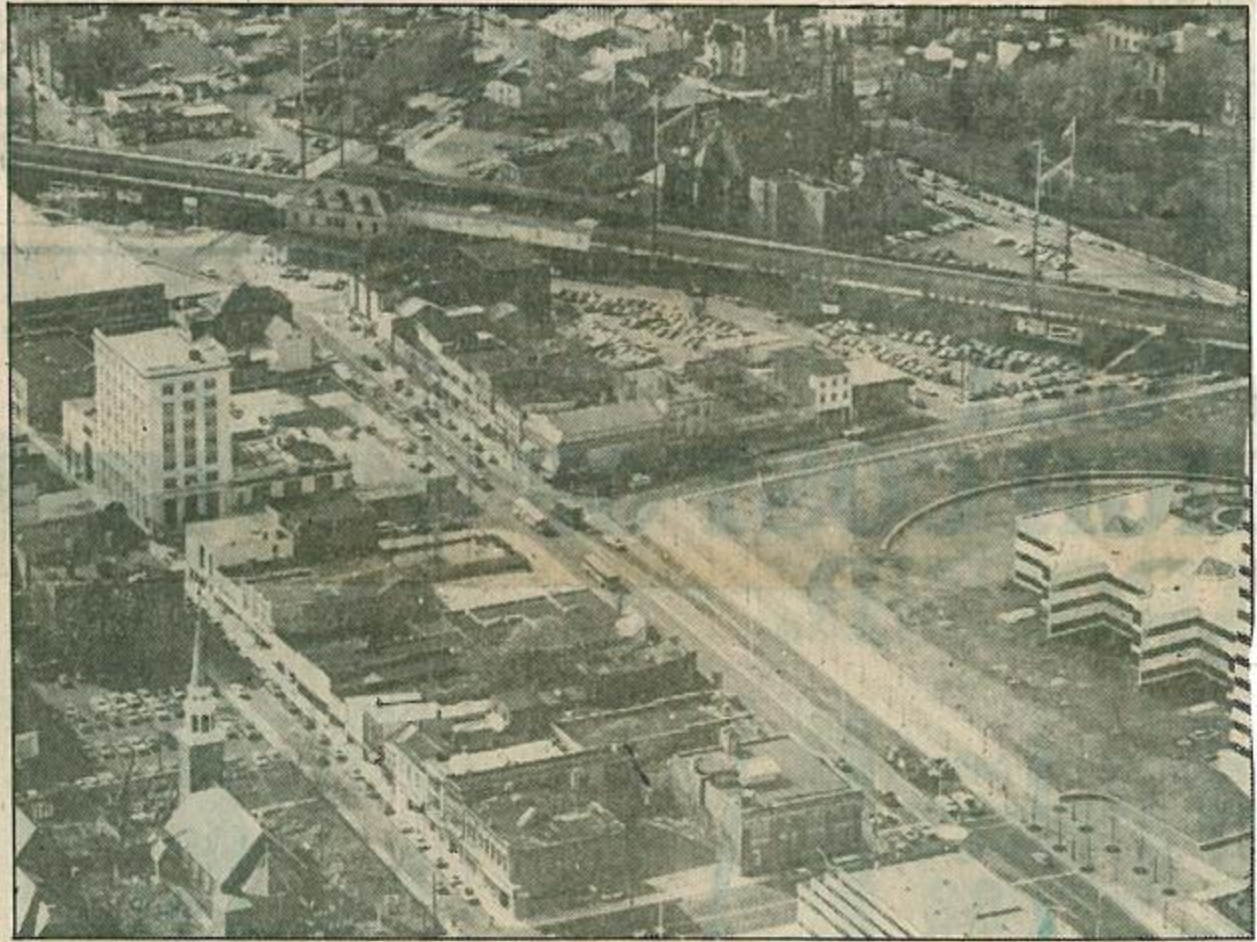
The city is already an important

financial participant in downtown development through a \$2.78 million Section 108 loan to the lower Church Street retail project.

The city Housing Authority guaranteed the loan with a promise of three years' worth of Community Development Block Grant funds, Nero explained, stressing that the CDBG funds are used only if the project fails.

The City Council is also in line to float short-term bonds to back 15 percent of a plan for moderate-income lease-purchase home buying.

City Council President Rocco Catanesi said yesterday that he had not yet been involved in discussions of the new demands on the city's bonding capacity.



Home News Photo by Marc Ascher

COMING SOON — This aerial photo shows downtown New Brunswick looking northwest from above Memorial Parkway. Lower Church Street and the Golden Triangle development areas are in the center of the photo. The illustration, lower left, shows the area to be turned into an office-retail mall. The illustration, lower right, is a view of the Edpas Road Project, where \$28.2 million in low-income housing is planned.

