

# CITY OF HOBOKEN

## Department of Community Development

DAWN ZIMMER  
Mayor



BRANDY FORBES  
Director

### ***MEMORANDUM***

To: Hoboken Mayor and City Council

From: Brandy Forbes, AICP, PP, Community Development Director *BF*

Date: April 27, 2016

Re: Monroe Center Redevelopment Project

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The purpose of this memo is to provide a general description of the redevelopment project which has been proposed to the City of Hoboken by Bijou Properties, LLC ("Redeveloper"), with an overview of each of the components, as well as a summary of the pertinent features of the agreement for redevelopment between the Redeveloper and the City (the "Redevelopment Agreement"), which agreement is being finalized at this time. Over the course of the past three years, negotiations of the Redevelopment Agreement addressing the proposed project and the provision of certain public amenities to the City have been underway with the Mayor's office and the City Council's Subcommittee.

#### **General Description of the Redevelopment Project**

This proposed project is in the Northwest Redevelopment Area. The project site is just west and south of the site known as Monroe Center. Originally, this entire sub-area (including the Monroe Center) was part of a singular redevelopment agreement. Due to bankruptcy, the prior redevelopment agreement was terminated by the City Council and the parcels sold to various different developers. The four (4) parcels included in this project are as follows:

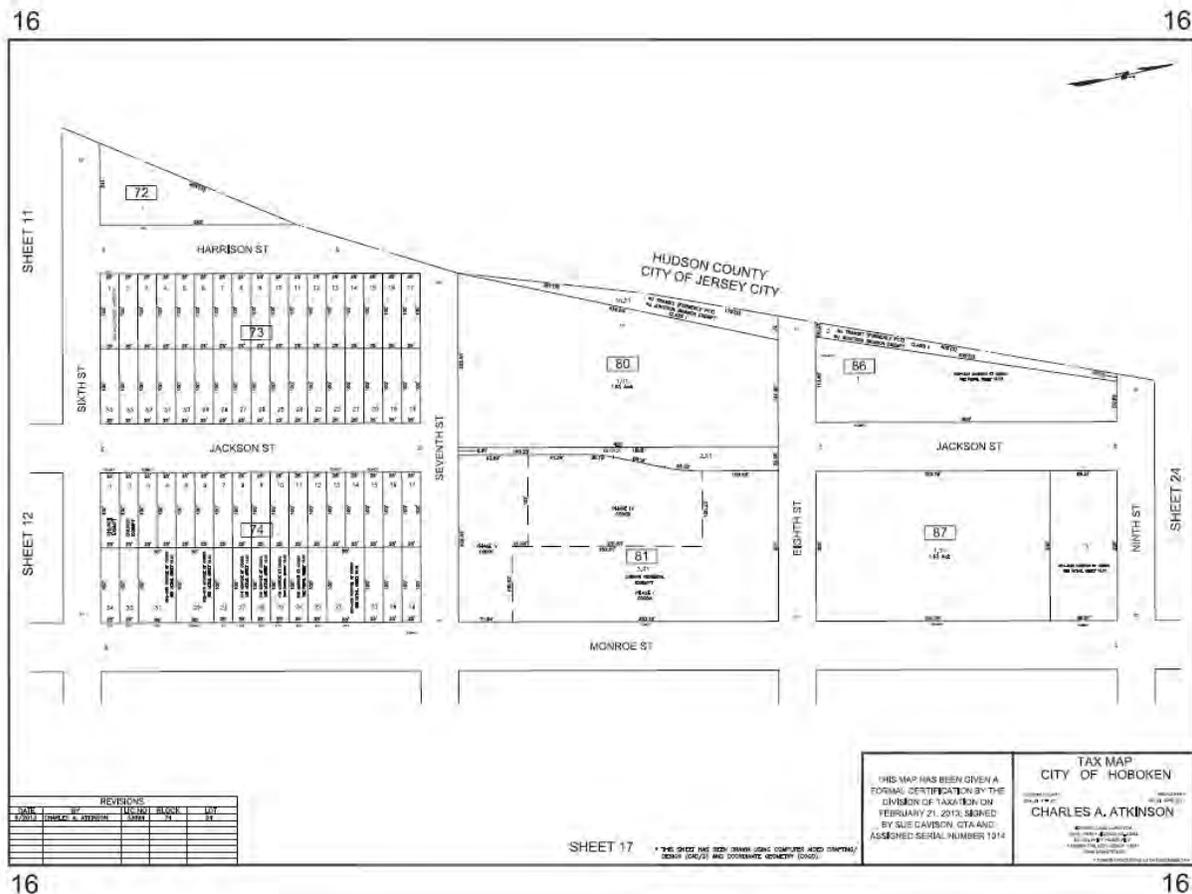
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1. Monroe III: Block 80, Lot 1.01 and Block 81, Lot 2.01 (701 Harrison Street) (86,374 sf);
2. Monroe V: Block 81, Lot 3.01, Unit C (700 Monroe Street) (18,558 sf);
3. Jackson Street Property: Block 74, Lots 3 – 20 (605-633 Jackson Street and 628-632 Monroe Street) (45,000 sf);
4. Phase IV: Block 81, Lot 3.01, Unit B<sup>1</sup> (700 Monroe Street) (26,477 sf).

**Project Area Tax Map**



The current project being negotiated in the Redevelopment Agreement with the Redeveloper entails these multiple properties, where the private development will be located next to the palisades (Monroe III) and the remainder of the properties (Monroe V, Jackson Street Property, and Phase IV) will be developed with open space, parks, and a gymnasium to be conveyed to the City once completed.

<sup>1</sup> Certain parcels within the Monroe Center Area, including Phases I, IV and V, are currently organized by a condominium form of ownership known as the Monroe Commercial Center Condominium (the “Condominium”) pursuant to the terms of a Master Deed. The Condominium ownership will be corrected as a part of this redevelopment agreement process.

## Project Concept Plan



The Administration and City Council Subcommittee have worked closely together to negotiate a project that is financially feasible, while providing several public amenities, flood prevention infrastructure, and environmental remediation. The detailed redevelopment agreement, financial/PILOT agreement, and redevelopment plan amendment are being finalized and are expected to be ready for City Council consideration at the June 1, 2016 City Council meeting. Since there are several different documents that need to be approved as a part of this project, the Administration and City Council Subcommittee determined it is best to put all of these on for consideration at the same time.

Since a PILOT is considered for this project to offset the costs of the public improvements and contributions, it is necessary for the designated redeveloper to be an urban renewal entity. Therefore, the fiscal review of the PILOT prepared by the Hoboken Finance Director and CFO (on file in the City Clerk's office) reference the redeveloper as Monroe Center Hoboken Urban Renewal, LLC. That entity is a subsidiary of Bijou Properties, LLC. Monroe Center Hoboken Urban Renewal, LLC will also be the redeveloper listed on the final Redevelopment Agreement, financial agreement, and other affiliated documents.

The Redeveloper has proposed to construct and implement the following:

- Construction of a mixed-use residential and commercial structure; ranging heights of structure with a maximum of 14 stories and a maximum 60 ft. high base.
  - 424 rental residential units, including 42 (i.e. 10%) on-site affordable housing units to be deed restricted as such for a minimum 40 year period.
  - Between 23,700 sf and 33,000 sf of retail space with uses as permitted by the Northwest Redevelopment Plan.

- Open floor plan amenities and sustainable elements, with a goal of obtaining LEED Certification.
- 415 on-site parking spaces for residential, commercial and transient uses which rates will be required to include a ½ hour parking time period.
- 75 parking spaces to be made available on a shared-parking, non-reserved basis for use by tenants of Monroe Center;
- Construction and conveyance of amenities to the City of Hoboken, to be utilized by the City for recreation and open space and as replacement property for any prior diversion of Green Acres-funded parkland by the City, including,
  - a 6,835 square foot multi-use public gymnasium with a classic field house design;
  - approximately 1 acre public park consisting of an open grass area in the manner of a “Quadrangle” on a college campus; public seating area; and children’s play area, including age appropriate play equipment set on a rubberized safety surface with modern fencing.
  - approximately 1 acre public plaza including step seating, with a tilted lawn panel for relaxing and passive gatherings, and a large plaza area designed to accommodate vendors and seasonal markets;
- Significant stormwater detention under the public park and plaza areas to help address the flooding issues in the area;
- Improvements to 7<sup>th</sup> Street utilizing Belgian block-style accents and a tabled roadway to create visual continuity between Jackson Street Property and Monroe V, encourage vehicular calming in the area, and enhance the sense of community that is intended;
- Extensive soil and groundwater remediation of all of the sites.

In the next month we will provide a separate memo regarding this project to provide more detail regarding the terms of the proposed PILOT (payment in lieu of taxes) Financial Agreement for this project and the documents that will need to be adopted to approve this project. The PILOT has been determined to be necessary in order to ensure the financial feasibility of the project as proposed due to the amenities that will be provided to the City, such as the gymnasium, park and plaza space, and stormwater detention.

### **Notable Features of the Redevelopment Agreement**

**Phasing and Staging:** The Jackson Street Property improvements, including the environmental remediation, construction of the gymnasium, the development of the public park area, and the conveyance to the City of the property, will be completed *first*.

Additionally, current parking upon Phase IV will be moved temporarily to Monroe V during certain periods of construction and portions of Phase IV, Phase I, Monroe III and Monroe V will be utilized for staging, construction equipment and trailers at times.

Features Common to Future Open Public Spaces: All three (3) of the future open public spaces (Monroe V, Jackson Street Property, and Phase IV) will be remediated, stormwater detention installed, improved as designed, and subsequently conveyed to the City by the Redeveloper.

Based upon information to date, only soils require remediation upon the Jackson Street Property while both soils and groundwater require remediation upon the Monroe V and Phase IV parcels. It is anticipated that certain impacted soils will be excavated, caps will be implemented and deed notices restricting the future use of the parcels will be recorded. Following certain active remediation efforts, groundwater contaminants are expected to naturally attenuate over time to a level where a Classification Exception Area (“CEA”) restricting the use of the groundwater may be implemented.

All development upon the future open public spaces will be required to implement flood damage resistant materials.

Triggers for Conveying the Future Open Public Spaces to the City: As it regards the Jackson Street Property and Monroe V, both of which are currently owned by Redeveloper, certain conditions are to be met, the occurrence of which will trigger the conveyance of the deed to these parcels to the City. Those conditions are: issuance of Certificate of Occupancy, as may be required by law; issuance of Response Action Outcome (“RAO”) for soils and groundwater (subject to the below provisions regarding City Groundwater Remediation); completion of the pertinent components of the Project as evidenced by a Certification by the City’s Engineer; and the City’s approval of the issuance of a Certificate of Completion, subject only to the conveyance of the deed. As it regards Phase IV, currently owned by a third party, the deed is to be executed and then held in escrow pursuant to a third party agreement between the Redeveloper and the owner of Phase IV; a copy of the fully executed deed is to be attached to the Redevelopment Agreement. Upon the occurrence of the same triggers as those referenced above, plus the termination of the Condominium and any other conditions as set forth in the third party agreement, the deed will be released from the escrow to the City.

City Groundwater Remediation, if Elected: As it regards either or both of the Monroe V and/or Phase IV parcels (and Jackson Street Property, if applicable), if soils have been remediated by Redeveloper but groundwater remediation remains outstanding, and all other conditions have been met for conveyance of the parcel to the City, the Redeveloper may elect to have the City undertake the responsibility for the remaining groundwater remediation, in which event, the Redeveloper will establish an Environmental Escrow, with an amount to be approved by the City, for the City’s benefit.

Future Obligations of the City: The City will be required to maintain the future open public spaces at its own cost. However, it is expected that the North Hudson Sewerage Authority will maintain the stormwater detention systems.

From an environmental standpoint and without regard to whether the Redeveloper or the City completes the referenced groundwater remediation, the City will operate and maintain (and

lift, if applicable) any engineering (i.e. cap) and institutional controls (i.e. CEA) that are implemented in the remediation of these parcels. To that end, the City will renew Remedial Action Permits (“RAPs”) required for the controls and will comply with the New Jersey Department of Environmental Protection’s biennial certification obligations.<sup>2</sup> Ultimately, the City will also be responsible for lifting any CEA implemented in connection with the groundwater remediation, including sealing any monitoring wells, as may be applicable, which would not be expected to occur for several years following the conveyance of the groundwater-impacted parcels (i.e. Monroe V and Phase IV) to the City.

Insurance: The Redeveloper will be required to obtain a General Liability Insurance Policy as well as an Environmental Insurance Policy, naming the City as an Additional Named Insured. The purpose of the Environmental Insurance Policy would be to cover “new” discharges occurring during/as a result of the remediation activities as well as environmental conditions that are unknown as of the commencement of the policy. The Redeveloper would be responsible for the payment of premiums as well as any deductible.

Certificates of Completion: Similar to the phasing of the construction of the overall Project, the issuance of Certificates of Completion will be phased. As each parcel is completed, a Certificate of Completion for said completed parcel will be issued, if warranted. However, a Certificate of Completion for Monroe III will not be issued unless and until every aspect of the entire Project is completed and approved by the City.

Amendment of Redevelopment Plan: Although the Project is generally consistent with the Redevelopment Plan, an amendment of the Redevelopment Plan in order to reflect and permit the Project as described will be required.

Financial Agreement/PILOTs: In light of the substantial contributions to the City that are anticipated by the Redeveloper, and in order to make the project financially feasible, the execution of a Financial Agreement is a condition of Redeveloper’s obligations under the Redevelopment Agreement. The Financial Agreement entails the City adopting an Ordinance authorizing: the City to grant Redeveloper certain tax abatements with regard to Monroe III; and Redeveloper to make annual payments in lieu of taxes (PILOTs) to the City equaling 10% of the Redeveloper’s Annual Gross Revenue.

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<sup>2</sup> The City’s LSRP is reviewing Remediation Proposals for each of the Future Open Public Spaces. It is anticipated that a Technical Memo addressing and approving, as the case may be, the Redeveloper’s Remediation Proposals for all of the Future Open Public Spaces, as well as outlining a comprehensive 30 year estimate of the costs associated with the City’s future environmental obligations, will be prepared. If the soil caps on Monroe V and Phase IV can be “consolidated” in the future, subject to DEP approval, it is anticipated that the City’s future costs for those particular parcels would be less than currently expected.

Contributions to City	
Acquisition – Jackson Street Land	\$ 7,500,000
Acquisition – Phase V Land	\$ 5,750,000
Construction – Public Gymnasium	\$ 3,100,000
Construction – Public Park/Plaza (Phase IV/V Land, Jackson Street Land)	\$ 3,746,800
Construction – Stormwater System (Phase IV/V Land, Jackson Street Land)	\$ 3,000,000
Remediation – Phase IV/V Land, Jackson Street Land (Exc. Building Site)	\$ 3,343,500
<b>Total Contributions to City</b>	<b>\$ 26,440,300</b>





Prepared By: **Arterial** [www.ArterialStreets.com](http://www.ArterialStreets.com)

**MONROE V CONCEPT PLAN**  
Monroe Park & Plaza Concept Design Package

**BIJOU PROPERTIES**  
02.11.2016



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**MONROE IV CONCEPT PLAN**  
Monroe Park & Plaza Concept Design Package

**BIJOU PROPERTIES**  
02.11.2016

**Rendering – Public Gymnasium**



**Rendering – Mixed- Use Building**



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