

THE CITY OF SUMMIT

N E W J E R S E Y

CITY HALL 512 SPRINGFIELD AVENUE SUMMIT, NJ 07901

Media Contact

Chief Communications Officer Amy Cairns

Mobile 732-713-8964

acairns@cityofsummit.org

LETTER TO THE EDITOR

Dear Neighbors,

We are providing this update for the benefit of new residents and to answer questions about the Broad Street West Redevelopment project. This project will be a positive addition to the community that will bring in tax revenues, complement -- not compete -- with our downtown, and beautify the area with public art and open space. As background, Mayor Radest, currently elected members of the Common Council, and past elected officials have sought extensive input from members of the public since this bipartisan effort began in 2014. Since 2017, the city has conducted 10 public meetings, as well as 10 stakeholder meetings and other opportunities for input from community members and has received valuable feedback about the project.

History of the Redevelopment Process

Since 2018, a bipartisan steering committee has managed work on the project. It is comprised of three members of Common Council (currently councilmembers Allen, Fox and Little), as well as the mayor, members of the Planning Board, a resident who is an architect, and city staff including the city administrator. It is guided by experts, including city planners, redevelopment attorneys, a financial advisor, and parking and traffic consultants.

In 2018, the steering committee developed the Redevelopment Plan with extensive public participation. In 2019, the steering committee sought proposals from redevelopers in response to the Redevelopment Plan and its Requests for Proposals. The committee reviewed proposals and financial information. They interviewed eight teams of developers over two rounds of interviews. At the conclusion of this process, the steering committee recommended the partnership of L+M Development Partners and Toll Brothers as the redevelopers. In December 2019, council conditionally designated them as the redeveloper.

Why Redevelopment?

Redevelopment is essential to achieve three important goals. The first goal is to increase revenue without raising taxes on residential taxpayers. The second goal is to provide for much-needed housing including affordable and workforce housing options. The third goal is to cover debt service on the bond for the new fire headquarters currently under construction.

The costs of operating city government, such as labor costs, fuel, and insurance, go up year after year. Revenues from parking, hotel and motel taxes, and cash interest on banking deposits have decreased, in part due to the pandemic. While property values continue to grow, they cannot keep pace with increased costs. Council is left with only two possible choices - to raise taxes or to seek additional revenue through redevelopment. We choose redevelopment.

What Is Proposed?

The first phase of the project is solely focused on Subdistrict 3. This is the area surrounding the current fire headquarters. The project will transform paved surfaces and parking lot spaces, and two city-owned buildings needing renovation into one beautiful, energy-efficient, mixed-use building with 10,000 square feet of retail space and a combination of 140 market-rate and affordable housing rental units. The building will be surrounded by public green spaces. The appearance of the exterior of the building and public areas surrounding it was designed with input from earlier community meetings.

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Financial terms for the project were shared by city planners at the most recent presentation and more details will be provided by our financial advisor at the March 1 council meeting. The process is driven by state redevelopment law and the city's Redevelopment Plan. Broadly speaking, the city will sell the 1.54-acre property to redevelopers for \$8 million dollars with an agreement for a payment in lieu of taxes (PILOT). As with all PILOTs, the city will retain 95% of the PILOT payments with the remaining 5% going to Union County. Currently, the city collects only \$30,000 in taxes from Subdistrict 3, and as with all other tax collection, retains approximately 20% or \$6,000 as the municipal share.

There have been suggestions that the eight-million-dollar purchase price is below market value. Our financial adviser has analyzed comparable mixed-use development projects and has advised us that the market value of the property as currently zoned is substantially less than the agreed upon eight-million-dollar purchase price because of the Redevelopment Plan. In addition, if the city were to sell the property, rather than going through the redevelopment process, the city would not have any ability to control what is built on the site if it conforms to the zoning code of the area. Also, the city would not receive a share of the revenue stream from improvements to the property.

Next Steps

The steering committee is reviewing feedback from the public meeting and continues to address project concerns such as parking and traffic. After terms are negotiated with redevelopers, the Redevelopment Agreement will be presented to Common Council at a meeting. Once again, there will be an opportunity for public comment. Following a public hearing and vote by Common Council, the redeveloper and the city would enter into a financial agreement to execute the PILOT. Then redevelopers would present their plans to the Planning Board for site plan approval.

We encourage you to stay involved, attend future Common Council meetings, and review the documents available on the city website at cityofsummit.org/bsw. In the meantime, please reach out to any of us with questions, comments, or concerns.

Sincerely,

Nora G. Radest, Mayor
Marjorie Fox, Council President
Lisa Allen, Councilmember
Susan Hairston, Councilmember
Beth Little, Councilmember
Andy Minegar, Councilmember
Danny O'Sullivan, Councilmember
Greg Vartan, Councilmember