

THE CITY OF SUMMIT

N E W J E R S E Y

CITY HALL 512 SPRINGFIELD AVENUE SUMMIT, NJ 07901

Frequently Asked Questions

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Who are the redevelopers?

The redevelopers are Broad Street West Managers I, LLC, a joint venture between affiliates of [L&M Development Partners](#) and [Toll Brothers](#).

Who are the professionals advising the city?

The city planner is [Topology](#). Our financial advisor is Dr. Robert S. Powell Jr., Managing Director of [Nassau Capital Advisors LLC](#), and our redevelopment attorneys are [Maraziti & Falcon](#). Our traffic consultant is [WSP USA](#), and our parking consultant is [THA Consulting](#).

Sub-district 3

What are the proposed costs to the redeveloper for sub-district 3 of this project?

The estimated project cost is approximately \$67 million; the cost for each apartment unit is estimated at roughly \$71,000 (land acquisition cost per market rate unit). More [financial information](#) is available on the city website.

Where can I find plans for sub-district 3 including 3-D renderings for the project?

All public information on the project, including a video 3-D rendering presented at the February 9 public meeting, is available on the city [website](#).

Why is sub-district 3 the first phase of redevelopment?

Sub-district 3 has been chosen primarily because the city controls most of the property located in it. It is the sub-district with the fewest hurdles and potential impacts on adjacent properties. It is being designed to support connectivity and aesthetics of the entire Broad Street West Redevelopment area.

Were there any financial studies completed for sub-district 3 of the Broad Street West Redevelopment project?

A financial analysis of sub-district 3 of the project was prepared by Dr. Robert Powell and presented to the public at the Common Council meeting on March 1. You can [view](#) or [download](#) it on the city website.

How long will sub-district 3 construction take?

After the existing firehouse is demolished, construction is expected to take approximately 18 to 24 months.

What is the length and height of the new building in sub-district 3?

A schematic with information on the [length](#) of the building on Broad Street and Cedar Street is available on the city website. The [height](#) of the proposed building is 62 feet, six inches at the corner of Broad Street and Cedar Street and 65 feet near Morris Avenue where the basement level is exposed at the

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parking entrance. For comparison, the height of the YMCA building is 52 feet, and the Vito Gallo Senior Housing building is 50 feet tall.

If the sub-district 3 project was scaled down, would the developer still benefit from the project? What other options were considered?

Instead of selling the property outright to a developer, the city began this process to ensure that the community had input in what would be built here. The size of the lot is 1.5 acres. If workforce housing, amenities and retail businesses recruited based on community feedback and new public open spaces are included, a smaller building would be economically unfeasible. Those costs, typically not included in the developer's budget for the project, are included as part of the proposed PILOT (Payment In Lieu of Taxes) agreement.

Has the city determined the impact on public schools of school children generated by a sub-district 3 apartment project?

A [report](#) was prepared by Robert Powell with projections using the most current and detailed demographic data for public school student multipliers.

Dr. Powell's analysis indicates that the project is likely to produce a total of 24 public school age children in kindergarten to grade 12 and allocated to grade levels as follows: 16 students in grades K to 5, four students in grades 6 to 8 and four students in grades 9 to 12.

Will the residential units be rentals or condos?

All 140 apartments will be rental units. There are 112 units that will rent at market rate, 21 affordable housing units, and seven workforce housing units. Please note only the number of affordable housing units is set. The number of market rate and workforce housing units may shift during construction.

How are the number of affordable housing units calculated?

Summit's Fair Share Housing settlement [agreement](#) and Land Development Ordinance dictates the number and composition of affordable housing units. Under state law, units cannot be designated for Summit residents.

Sub-district 3 PILOT Program

What is the benefit of a PILOT in Summit, how does it work and how does a project qualify?

Only areas that are designated as *in need of redevelopment* under State of New Jersey Local Housing and Redevelopment law are eligible for PILOTs. The Broad Street West Redevelopment Area qualifies under state criteria and was confirmed by the NJ State Department of Community Affairs. This is the first PILOT program between the city and a developer in Summit. A [presentation](#) to the public at the March 1 Common Council meeting by Robert Powell identifies the financial benefits for the City of Summit in a PILOT agreement.

Under a PILOT program, the city receives 95% of the tax payment and the county receives 5%. In this proposed model and over the lifespan of a 30-year PILOT, \$18.5 million in net tax revenues would be realized. If the project was built with a standard tax application, only \$7.4 million in tax revenue would come to the city. This project would not be economically viable and would not be built without a PILOT.

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Under state law, there is no obligation for a share of PILOT tax revenue to go to the Board of Education. However, as PILOT payments are made on an annual basis by the redeveloper, the city has the flexibility to mitigate any unforeseen adverse impacts to the schools.

The PILOT is in effect once the City of Summit Construction Office issues a Certificate of Occupancy. The projected revenue calculations are based on a 95% occupancy rate.

Who will own the proposed open spaces? How will they be maintained?

Following the sale of city-owned property in sub-district 3, the redeveloper will own and maintain the open spaces. They will be required to sign an access agreement with the city to ensure outdoor spaces remain publicly accessible.

What risks are involved in this project? What if this property is sold during the lifespan of the PILOT?

While this is a partnership, the greatest risk is to the redeveloper who has a responsibility to deliver on their obligations.

The primary risk to Summit is if the project goes into bankruptcy and the city does not receive PILOT payments. If the city was dealing with a smaller developer, there would be more concern about risk. L+M utilizes major financial institutions for capital. Toll Brothers is a publicly traded NYSE company. Both companies have weathered the 2008 recession and the COVID-19 pandemic. It is the opinion of the city's financial advisor that Summit does not face significant financial risk.

The redeveloper is only allowed to sell the project once it is built. A transfer in ownership must be vetted by Common Council before it can take place. A new owner of the property would be bound by the same obligations that the city establishes for the redeveloper.

What types of retail are being considered on the first floor of sub-district 3?

Input from the community meetings is being used to generate first floor retail options. After review of public feedback, a fitness center is no longer being considered, while a brewery or pub is still an option.

Are stores included in PILOT? If so, what is the breakdown of commercial versus residential?

Yes, however, the proposed retail is small compared to the amount of residential housing. Ultimately, it will be dependent on cash flow. However, an example for the first stabilized year net residential income could be \$5.2 million and gross retail income could be \$290,000.

At the end of PILOT lifespan, what happens?

At the end of the PILOT, the property will be changed to a mixed use commercial and residential property class and be subject to the tax rate in that year like every other property in town.

How will Union County's portion of property taxes be paid during the PILOT program?

Currently, the county receives tax revenues for a portion of this property. Once the PILOT starts, the city will receive a payment every quarter consistent with the financial agreement. The city will submit 5% of that payment to the county as its appropriate tax percentage share of land taxes paid.

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If there is an occupancy problem, would there be a situation where developer renegotiates terms with city?

Any request to renegotiate terms of the agreement would have to go through the same scrutiny, review, and ultimately Common Council approval as this PILOT.

Area parking, traffic and services

Has an independent traffic study of the area been conducted?

An independent traffic study was conducted for the Broad Street West Redevelopment project by Brian Stankus, Senior Traffic Manager at WSP USA who was hired by the City of Summit, and Matthew Seckler, Principal at Stonefield Engineering & Design, traffic consultant for the redeveloper. You may view or download the presentation on the city website.

How many parking spaces are within the proposed building?

There will be 140 parking spaces on-site. Of those, 110 spaces will be allocated to residents in the building and 30 spaces available to members of the public. The remaining required 39 spaces will be met with new off-site parking spaces created adjacent to the project.

How is parking being addressed?

Parking solutions are being negotiated with Union County, and it has approved on-street parking on both Broad Street and Morris Avenue where it had not existed previously and will be resolved before a redevelopment agreement is executed. In the short-term, the redeveloper will be responsible for either creating new parking spaces equivalent to the residential shortfall or compensate the city for the cost of additional overnight permits. In the long-term, the entire redevelopment area is seeking to consolidate parking demands with structured parking. All potential options of providing sufficient parking in this area are being evaluated.

Who will be responsible for garbage and recycling collection? What about sewer and other utilities?

The city will provide one day a week garbage and recycling pickup. The cost of any additional daily pickup will be the responsibility of the property owner. The city provides sanitary sewer services that require an initial connection fee and annual fees for service. Any other utility infrastructure costs such as water, electric and gas that are associated with this project will be the responsibility of the developer.

Are any streets in the area being closed to vehicle traffic?

All streets will be open to vehicle traffic. The project is making improvements to Cedar Street so it can be safely and easily closed if the city or other organization would like to use the space for an event.

Impact on Neighbors

How will St. Teresa of Avila Church be impacted?

The redeveloper has been in contact with representatives from St. Teresa of Avila Church. They continue to look for ways to include and support St. Teresa consistent with the needs of the church.

How will the Summit Housing Authority be affected?

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The city and the redeveloper have been in regular communication with the Summit Housing Authority. Meetings were held with residents and Summit Housing Authority Board of Commissioners to review and discuss the project. Coordination with the Summit Housing Authority will be a priority for any development that takes place in sub-district 1.

Next Steps

Will there be any future public meetings?

Following a presentation on a traffic impact study to Mayor and Common Council at the March 15 meeting, there will be another public meeting prior to adoption of the redevelopment agreement where professionals will be available to answer questions from the public.