

NEWARK 2000:
LOCAL INSTITUTIONS FOR URBAN REVITALIZATION

by

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Submitted to the Department of Urban Studies and Planning
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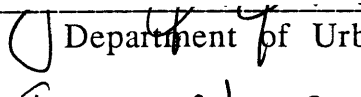
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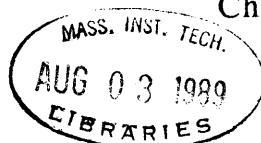
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Submitted to the Department of Urban Studies and Planning
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ABSTRACT

The purpose of this thesis is to analyze the vehicles and actors needed to initiate, coordinate and control urban revitalization of the Passaic Riverfront in Newark. The analysis states the potential of the riverfront and what is needed for successful development. Private interests have taken the revitalization efforts into their own hands, because of the city's inability to handle successful development.

The focus of this thesis is on the ability and authority of two existing agencies within Newark that have provided successful development of the Central Business District (CBD). The Newark Economic Development Corporation (NEDC) and Renaissance Newark, Inc. (RenNwk) have been responsible for much of the success in the revitalization of Newark. It stands to reason that their ability and authority should be extended to provide coordination and control of the development efforts on the riverfront.

In conclusion, I will draw upon recent development efforts in Newark, thus providing a useful framework in determining what constitutes a successful revitalization effort, and that the burden of implementing a successful development will rest entirely on the NEDC and RenNwk.

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INTRODUCTION

At the beginning of the 1980's, government officials and private business leaders tried to coordinate an effort to revitalize the CBD in Newark. They had created Renaissance Newark. The objective of this program was to stimulate downtown development, and thus "put the shine back" on the tarnished public image; restoring regional confidence in Newark. Donald Malaforte, a former press secretary and Community Development Director once stated that "wherever America's cities are going, Newark (New Jersey) will get there first."¹ This statement is neither a praise nor a criticism, but the meaning is quite clear. Newark is a springboard among American urban centers. In urban renewal, in riots, or in the so-called "white flight", Newark had become the uncontested leader among American cities.² The vision for the future sees Newark as a leader in a different direction: urban revitalization.

In Newark, the current administration seeks to decontrol and deregulate government in development. In 1986, the new mayor reorganized the Department of Development so that it would provide a "one stop" procedure for private developers to obtain permits, approvals and various federal and state funding.³ This was a good beginning, but more has to be done. The city development requirements are too large for a public agency to handle, especially one that has a limited staff and a very limited budget. The need's for private or 'special' interest organizations to fill in the limited capacity of the Department of Development. The private sector can easily provide professional, competent staff and leadership, and they can also "dig into deep pockets" within the business community for their funding sources.

Prologue: A Problem and a Possible Solution

In the early 1980's, the program, "Renaissance Newark" appeared to have the same theme as the Reagan and Bush administrations, and also that of the Gibson administration. They stressed the ideal that they would "get government out of our lives" and that we would hopefully rely more on ourselves, as individuals, and the private sector. The program had existing businesses pool

their resources, and with aid from all levels of government: city, state and federal, utilize these resources to promote new business, increase the expansion of the existing firms, and pump jobs and money into the local economy.

Renaissance Newark represented a joint venture between private and public interests to plan and facilitate the revitalization of the downtown district. Over the course of two years, many actors, including Mayor Gibson; representatives of various state and federal government agencies, such as the Department of Transportation, New Jersey Transit, Newark Economic Development Corporation, Office of Planning and Grantsmanship; and business executives from the Prudential Insurance Company of America, Public Service Electric and Gas, Midlantic Bank, First Jersey Bank, and many law firms, including McCarter and English, met to develop plans and discuss objectives for redevelopment of the central business district.⁴ The Renaissance Newark program tried to address the physical, economic, and social problems in the downtown. They had hoped that the revitalization of the CBD would eventually filter down to the rest of the city.

Many firms were involved in the achievements of Renaissance Newark. The new construction was the first in the downtown area in more than a decade. Many of the firms that were situated in the nearby meadowland's industrial area were expanding and consolidating their operations into Newark. This brought new jobs in the manufacturing and light industry, and especially the service sector. Many city officials believed that even a modest increase in jobs from the Renaissance Newark program was a vast improvement.

Renaissance Newark was seen as a catalyst for the downtown business district.⁵ In effect, the private sector took its future into its own hands. The local business community formed an organization that would carry out its objectives for the revitalization of Newark. We have seen that the city had no power to initiate, plan and coordinate development in Newark. At the time, their role in revitalization for Newark was limited to providing the funds for the local infrastructure.

Now that Renaissance Newark has proven that development can be successful in Newark, what and where is the next step? The next most attractive and crucial area that is prime for development is the Passaic Riverfront. The riverfront development can be the area in which Newark's revitalization is legitimated, if done properly and attractively.

THE RIVERFRONT DISTRICT: THE NEXT STEP

The service sector has moved into the lead role in the city's economy, while the city maintains a strong image and position as a manufacturing center for the northeastern New Jersey region.⁶ The insurance companies, the brokerage firms, the banks, and the legal firms are all steadily growing within the CBD. Economic development is, as far as the city is concerned, the current trend. A private sector initiative for revitalization of the riverfront has interested and involved a number of current downtown tenants. The rapid rise in office rents, energy costs in surrounding metropolitan market, and the rapid need of quality housing for young, white-collar, professional people in Newark has made the riverfront district increasingly attractive to development.

A number of factors should stimulate economic growth in the Newark Standard Metropolitan Statistical Area (SMSA) during the next twenty years:

- * Newark has a highly diversified base of economic activity, including: finance; real estate; insurance; federal, state and local government sectors; a still strong manufacturing sector; communication; utilities; transportation; construction; and, retail and wholesale trade.

- * Newark's closeness to New York City via the PATH, AMTRAK, and NJ Transit. It is stated that over 50% of the people employed in downtown Newark use mass transit to get to work.

* The growing activity at Port Newark, the city's maritime "gateway" to the world commerce.

* Significant growth in the physical facilities and activity at Newark International Airport, providing a second "gateway" to overseas locations, as well as to key cities throughout the nation.

* The number of excellent educational institutions, such as: New Jersey Institute of Technology, Seton Hall Law School, Rutgers, the University of Medicine and Dentistry of New Jersey, and Essex County College.⁷

Past planning analysis have talked about Newark's lack of 'Class A' office space. The current rents in Newark are competitive with suburban offices, as the Newark office market must compete with this market. The typical suburban market has low-rise office buildings, which provide for horizontal expansions and surface parking, locations near major routes, and a "better, more attractive" work environment.⁸

Notwithstanding, because of Newark's increased service-oriented economy, and the demand for 'Class A' office space by law firms, (especially since the law center of New Jersey is located in Newark) these 'Class A' office spaces will quickly rent or sell out.⁹ As these office spaces turn over, the additional workers which must fill these jobs will come to Newark.

The riverfront district should not be limited to commercial office space development. A healthy mix of commercial and residential construction (along with areas of open space) would not only provide a cohesive community but living spaces for the workers close to their places of employment. The idea of the city as a place where one workers and lives provides benefits and revenues to the city. The city would realize revenues in the form of taxes and parking receipts. The increase in revenues to the city would improve public services and stimulate a revitalization of the downtown

shopping district. A cleaner, safer and accessible shopping district within the city would benefit Newark's retail sector because the new residents would not be lured away to the suburban shopping malls.

In Bruce Hendler's paper, Housing Trends in Newark, he states that an analysis of the housing segment, by the Regional Plan Association (RPA), is very good. RPA is "bullish" because:

- * net population growth will increase at least 10% over the next 15 years. This signals the first clear reversal of the depopulation trends of the last generation.

- * growth in households will continue to exceed growth in population. There are more one-person and two-person households now than ever before, since people are getting married later, getting divorced more frequently and the population is growing older, generally.

- * incomes will continue to rise and people are likely to continue to have money to spend - barring a financial collapse, nationally.¹⁰

The importance of the trends is that, they will continue even through cyclical fluctuations in the vacancy rates in the regional office market, and secondly, this is evidence of what is already beginning in Newark.¹¹ Its residential development market is gaining momentum. The market will continue to build in the future. The momentum will happen across all market strata, with little displacement, or large amounts of 'gentrification.'¹²

Thus, the city of Newark is clearly well on its way to re-establishing its residential housing stock and base. This will consequently create a demand for retail conveniences, and improvement in public services. This new development, along with a strong commercial office market, and strong institutional activity will re-establish Newark as a '24-hour' city, instead of its present '9-to-5' image.

For the last generation or so, Newark has been a city in which the core empties at five o'clock and on the weekend. Revitalization of the downtown may begin to fill in the center once again. If the only commitment downtown is office construction, the city's core will remain unpopulated. The time is right for housing construction in Newark, and even the possibility of housing in the downtown.

In terms of location, image and cost/benefit, Newark's Passaic Riverfront is the next prime area for development in the city. Reports and studies have shown that the riverfront area can support office space competitive with that in the suburban office markets. (Exhibit 1, Regional Context) The strong public transportation system and the increasing strength of the service sector in Newark contribute to the development boom, both in commercial office space and residential housing. The riverfront area is seen by the city and prospective developers as the location for the next large-scale revitalization effort that will truly revive Newark and put it back on the map as a stable and attractive city.

The purpose of this thesis is to analyze the vehicles and actors needed to initiate, coordinate and control urban revitalization of the Passaic Riverfront in Newark. The analysis states the potential of the riverfront and what is needed for successful development. Private interests have taken the revitalization efforts into their own hands, because of the city's inability to handle successful development.

The focus of this thesis is on the ability and authority of two existing agencies within Newark that have provided successful development of the Central Business District (CBD). The Newark Economic Development Corporation (NEDC) and Renaissance Newark, Inc. (Renaissance Newark) have been responsible for much of the success in the revitalization of Newark. It stands to reason that their ability and authority should be extended to provide coordination and control of the development efforts on the riverfront.

In conclusion, I will draw upon recent development efforts in Newark, thus providing a useful framework in determining what constitutes a successful revitalization effort, and that the burden of implementing a successful development will rest entirely on the NEDC and Renaissance Newark.

LOGIC OF APPROACH

The introduction of this thesis will discuss the earliest beginnings of the public-private organization known as Renaissance Newark (Renaissance Newark). The chapter will discuss the success of such an organization and where the next direction for development will occur in Newark: the riverfront. The chapter will outline the factors that would stimulate commercial office and residential housing development on the riverfront.

CHAPTER ONE will focus on what is needed for revitalization on the riverfront. The chapter will outline and discuss the urban design issues related to the revitalization. It will discuss the role of design and how it will make Newark's riverfront and downtown an attractive part of the city for both business and social activities. The chapter will diagram and discuss the process wherein NEDC and Renaissance Newark, and the developer play closely coordinated, interdependent roles in the realization of a project.

CHAPTER TWO will focus on the agencies that have been successful in the revitalization of the CBD: the Newark Economic Development Corporation and Renaissance Newark, Inc. The chapter will describe their roles and responsibilities and outline and discuss a few examples of their successful development efforts.

CHAPTER THREE will discuss the public's arm within the riverfront development effort: the Department of Development. The chapter will discuss the roles and responsibilities of the department. It will also look at possible organizational alternatives that would make the department facilitate the needs of private development efforts within the city.

The summary and conclusions will outline and discuss ways in which Renaissance Newark and NEDC would act as a strong leader by coordinating and channeling the various independent elements of the development effort. The chapter will also discuss the ways in which the two organizations would make a coherent effort out of a bunch of unrelated and individual developers and parcels into a successful

and viable riverfront district. The final chapter will list and describe the tasks associated to planning and carrying out development.

WORKING PROCEDURES:

The introduction of the thesis will draw from data found in a number of recent market surveys, and interviews with the local Chamber of Commerce officials.

In the first chapter, the data I will be using will come from various textbooks, articles, interviews with people in the various institutions, press clippings found in the library, and the interviews at the various authorities and organizations in Newark.

The second chapter of this thesis will be drawing research material found in articles, magazines, newspapers, and publications distributed by the various agencies. I interviewed employees and analysts at NEDC and Renaissance Newark.

The third chapter will use material provided by the City Clerk, and through interviews from employees of the various agencies in the city associated with development.

Footnotes

Introduction

¹First made by Donald Malforte, former press secretary and Community Development Director, but often quoted by former Mayor Gibson during his first term.

²Centaur Management Consultants. Economic Development Framework for the City of Newark, NJ. Washington, DC 1973

³Annual Report of the City of Newark, 1987. The City of Newark, Office of the Mayor, p.43

⁴Interview with Howard Horii, partner in the design firm The Grad Partnership.

⁵"Background on Renaissance Newark, Inc.," the Greater Newark Chamber of Commerce, 1986

⁶Master Plan for the Newark Legal and Communications Center, Grad Partnership: Newark, 1987, p.16

⁷Ibid., p.16

⁸Ibid., p.16

⁹Ibid., p.16

¹⁰Bruce Hendler, Housing Trends in Newark, Grad Partnership: Newark, 1988, p.1

¹¹Ibid., p. 2

¹²Ibid., p. 2

CHAPTER ONE:

RIVERFRONT REVITALIZATION

In the late 1970's, when the PSE & G company first proposed to build its new headquarters in Newark, the private sector has controlled and initiated development in the city. Evidence of this trend is visible in the inception and subsequent completion of the Gateway Complex by Renaissance Newark, a private non-profit development organization. Within the past two years, another actor has come upon the development scene in Newark: the Port Authority of New York/ New Jersey. All of these private concerns have in one way or another been responsible for the revitalization of Newark.

What has happened to control over development by the city? Budget costs and under skilled and understaffed departments have long been responsible for ineffective city government participation. The city has brokered off projects to individual developers, because private concerns could manage the project. Yet, the development that has occurred has been done by a large number of individual developers over a long period of time on many different parcels. The only development which has occurred in a distinct area has been the Gateway Complex, but that development was phased over many years.

Many studies have stated that the next and possibly the most lucrative area for development will be the riverfront. The Passaic Riverfront project encompasses an area of 12.4 acres on the Passaic River waterfront.¹³ (Exhibit 2, Location of the Site) The private sector realizes the possibilities and rewards from the riverfront development. The importance of this development in terms of image, control and authority is enormous for them and Newark. A cohesive and successful development of this area will justify and reaffirm the revitalization of the city.

Will the private sector alone play the active role in the riverfront development, or will the city try to establish a firmer hand in the process? In one sense, a large-scale project under the control of an individual developer provides the greatest opportunity and freedom. But this control is also limiting. An individual developer and project represents not an array of interests, ideas or visions, but a single interest and a single solution. What is needed is not a single vision, but many visions. The city is not a single entity

that is consistent throughout, but a diversity of ideas and interests. The city and the new development must balance both the private and the public's interest in order to create a coherent community within the existing fabric of the city. There is something more important than the individual building or the individual developer, the central idea is the concept of community. This concept could and should be expressed in both the total design concept and the organizational structure under which the Passaic Riverfront project will be built.

What is needed for the development of the riverfront is a strong initiator and coordinator. In the past, NEDC and Renaissance Newark have both assumed this leadership role. The two organizations would act closely within the process as a leader in the development of the riverfront. They would also play a coordinated and interdependent role with the developers in the realization of the project.

The process of successful development represents an idealized sequence of events wherein a project moves from concept to reality. (Exhibit 3, The Process of Development) The chart is divided by a dashed line. The bottom segment depicts the 'implementation process' and is the portion of project development with which developers are most familiar. The top segment outlines the 'concept formation process.' In light of the trend toward ever expanding complexity in securing the requisite permits for a project before groundbreaking, the 'concept formation process' has become at least as important as the bricks and mortar of the 'implementation process.' It requires teamwork, perservance, diplomacy, and a commitment of dollars. Without the 'concept formation process' in place, the 'implementation process' becomes a very bumpy road, fraught with costly surprises and delays. With it, the road from project concept to reality becomes much smoother.¹⁴

NEDC and Renaissance Newark would individually and in coordination with each other perform many of the tasks outlined in the concept formation process. The site selection and market analysis of the riverfront area would provide a listing of the available properties, marketing studies, financial analysis, and site

examinations. Site examination would provide an inventory of existing conditions, which includes: natural, cultural, political and regulatory. The analysis would also include a listing of the assets and constraints of the site. (Exhibit 4, Site Assets)

From this extensive analysis, the two agencies can begin to outline the goals which constitute the preliminary program. The optimization of site conditions helps catalyze the goals into issues. It is the issues, in turn, against which the site development options are weighed before a decision is made to proceed in a specific direction toward a recommended development plan.

Here is a listing of goals that have developed out of the concept framework process:

- * provide a proper physical plan for more than 2,100,000 square feet of aggregate building on the site.
- * provide up to 800,000 square feet of office building.
- * site the first office building to anticipate additional office building(s) at a later phase.
- * anticipate development of 160,000 square feet of hotel space at some phase in the development of the site.
- *mitigate traffic congestion at the Raymond Plaza/Boulevard intersection.
- * provide ample vehicular access and parking for the development at all phases.
- * provide ample and safe pedestrian links from the CBD to the riverfront.
- * anticipate a city-wide open space network in the design of the riverfront.

- * anticipate a city-wide streetscape hierarchy in the design of the riverfront.
- * encourage residential development on the riverfront and adjacent riverfront sites.
- * encourage a major regional attraction in the form of a riverfront park, that may include a fountain, a wintergarden, terraces and plazas.
- * provide physical design conducive to security.¹⁵

As an inventory of the existing site conditions would proceed, most of the goals would evolve into site development issues. One major issue would emerge at the forefront and subsequently would have an impact on all the goals: the quality of "urbanism" on the riverfront.¹⁶ As plans for the riverfront are developed, NEDC and Renaissance Newark should consider those elements that might lend dignity and amenity to the site. Thus, pedestrian-level activity would become at least as important as the architectural aggregation of commercial and residential towers. Without the incorporation of a properly-related palette of elements to establish scale and richness to the pedestrian, and without making these amenities accessible to the public, the development on the riverfront would fall short of effectuating its stated goals.

The component elements of this palette, as well as their relationship both to one another and to their setting, establish urbanism.¹⁷ Consequently, special consideration would need to be given to the organization of architectural masses so that a strong, yet humane pedestrian circulation system might be incorporated into the development design. This circulation system would need to have a clear, hierarchical organization to reinforce the relationship of its components both to one another, and to the existing and anticipated systems beyond the development's property lines. In choosing which specific option NEDC and Renaissance Newark would wish to pursue, these facts mean that a certain amount of 'massaging' of the chosen

option's physical form would be inevitable before a recommended development plan would be established.

The preliminary program would divide the riverfront area into different parcels. Then, private developers would build on each parcel in accordance with Renaissance Newark's design guidelines. This procedure would avoid a superblock appearance and it also provides a variety of building types and designs commonly found in the older Newark neighborhoods.

At this point in the development process of the waterfront, NEDC would draw up a financial analysis for prospective lenders. Preparation here includes details of site location, project concept, organizational structure and financial and market analysis. The goal in preparing creative financing packages is to help developers limit their risk and maximize their returns. This would act as an incentive for developers to accept the task of development. NEDC works closely with the developer to prepare the financial package. NEDC presents these options to lenders for the developer. A challenge here is that given the various forms of financing available today and the changing mortgage market, NEDC must work within the moving structure and seek financing that will best suit the developer, so he will create a successful project.

After providing financing for the developer, NEDC would then aid the developer in securing all development approvals which typically include Planning Boards, Appeals Boards, and Conservation Commission hearings. Often, approval by cities must be gained by attending city meetings and presenting details of the development to the voting members. NEDC would represent the developer in this process. A key responsibility when dealing with cities is to maintain NEDC's and the developer's reputation for quality developments. This will aid in the approval process. When the various regulatory boards have to decide on a project, the quality of past developments may influence their decisions.

The implementation process of the riverfront development would occur once the recommended development plan had been confirmed by NEDC and Renaissance Newark. Proper phasing of the project will be crucial to the success of the development. Phasing of

the project would relate to time but also to the individual developers. Renaissance Newark at this time would use a variety of developers and architects on the project. Individual developers would be given individual parcels on which they would produce their product. This piecemeal distribution of the sites protects the riverfront from a uniform appearance if the project would have been done by a single developer. Though, each developer would be responsible to build their buildings as specified under established design guidelines. The guidelines include: set building heights and bulk sizes, material requirements, street-level public activities, view corridors from the city to the river, required open space on the site and along the river. The guidelines provide a design framework for developers to create a variety and complexity that would be associated with older Newark neighborhoods. The phasing would also require the city to provide the basic infrastructure needed to support the project, such as roads, sewers, utilities, etc. Thus, the phasing of the entire riverfront development would be completed before any of the individual developers actually begin construction.

The remainder of the implementation process outlines the planner/architect's, the developer's, and the construction manager's tasks. Each individual actor is responsible for its own portion of the development effort. The final product of these three actors would signal the end; the completion of a development project on the riverfront. This process would occur on each assigned parcel within the riverfront development area. The product of the Passaic Riverfront project should be impressive, in addition to the process by which the development had occurred. The process for the development of the riverfront stands in contrast to the typical method of development in Newark, or in most other cities across the US. As we have seen, government and public development agencies are so lacking in both money and vision, that the city turns over the entire process of planning and the responsibility of development to private developers.

Thus, we have office buildings with arcades, office buildings with plazas, office buildings with vest-pocket parks, apartment buildings with interior atriums, and "festival market places" taking

the place of traditional streets and public plazas.¹⁸ In all of the above examples, the private sector owns and controls these development efforts, because the public sector, did not have the money to do the project. As one incentive for development, the private developer is usually permitted to put up a larger structure, than the zoning would allow.

The sense in all these examples is that no matter how much Newark's planning office may set limits on what developers can do, it is still the developers who call the shots. It's their money, and they are the ones who build and operate the new project within the city. The same will be true with the Passaic waterfront. The NEDC and Renaissance Newark, the public-private organization, would call the shots. While the buildings are built and owned by the individual developers, permission to build on the riverfront land comes from these organizations. This permission would only come about when certain conditions would be met, including: conforming to the master plan and following strict architectural guidelines established by Renaissance Newark, and the requirement for meaningful public places.

The importance of urban design in the revitalization of Newark cannot be stressed too much. Newark's compliance to established guidelines and principles will help strengthen the office market that is drawn to the city's superior transportation and communications infrastructure. The revitalization is further supported by the expanding university community. The role of design is to make Newark's riverfront an attractive part of the city for both business and social activities. Development must create a sense of place - along with jobs, services, housing and revenues. What would NEDC and Renaissance Newark need to do to create a sense of place?

They must seek to integrate the pedestrian circulation and transit facilities into the fabric of the city. The links between the first two Gateway buildings and the Penn Railroad Station are being continued via links between those two buildings and the third and fourth buildings in the complex. The NLCC would be connected by a skywalk to Gateway Center and to the Penn Railroad Station. Street level pedestrian access would also be emphasized in entire riverfront

mixed-use project. The importance of the connections would provide the ease of accessibility to all parts of the waterfront and the existing buildings.¹⁹ (Exhibit 6, Major Impediments to Pedestrian Access to the Riverfront) The additional office space would bring more people to fill in jobs within Newark. The majority of these employees would still be arriving by public transportation to the waterfront district. The connection of the commercial and residential buildings by a circulation system would be a major element in the revitalization of the city. The riverfront area is easily accessible to the Penn Railroad Station and the major highways and interstates. From Penn Station, the furthest point of the riverfront development area is within a 15 minute walk. (Exhibit 7, Walking Times From Penn Station)

A high level of density and complexity of development will reinforce the sense of amenity, excitement, and urbanism. The success of the new development can be measured by the diversity of uses in the area. A combined mix of office space and housing, along with open space, and new streets and a waterfront walk can be a positive factor. (Exhibit 8, City Wide Open Space System - Potential Links)

The plan for the Passaic Riverfront would establish the concept that the riverfront area is an extension on the urban fabric from the CBD to the river. The streets, open spaces, and buildings of the riverfront development area would be as much a part of Newark as any other area would be. The emphasis of the recommended plan would be open spaces. Fifty percent of the site would include streets, parks, coves, and a riverfront walk. They would be formed to provide a sequence of unique spaces along the Passaic River. View corridors would be opened to allow visual access to the water. The riverfront walk would connect the open spaces and thus offer a sense of unity and feeling of a cohesive community to the entire site. The riverfront walk defines the river's edge, but more importantly, it allows people to access and interact with the riverfront and the new buildings.

Renaissance Newark would establish design guidelines for the riverfront walk, as well. The guidelines would offer simplicity and restraint to the design of the walk. This would allow the design to

unify the open spaces, streets and buildings and the riverfront walk. It would add to the character of the walk. The design would also create a sense of scale appropriate to the river and the new buildings. Traditional park seating and lighting, and materials would be used to convey a sense of human scale.

The construction of new housing in the waterfront district will attract more professionals to the city, because of the close proximity to work and the appeal of the new riverfront walk. If the diverse mix of uses would also incorporates retail trade and entertainment spaces, the attraction to live in the downtown may be heightened. The riverfront walk would act as a unifying element to tie together the retail and entertainment elements of the development. Also, the new development may provide more services and amenities to the existing workers and firms in the CBD.²⁰

The city should replace vacant parcels or visibly deteriorated buildings with 'signature' buildings incorporating public amenities and promoting a '24-hour' activity at street level. (Exhibit 9, Urban Areas Relegated to the Automobile) Connecting the atria with the Gateway Three Center and the Gateway Four Center to create a major public space is one important example. Gateway Four fills in one of the last remaining highly visible vacant sites in the downtown. Further infilling on a similar scale, to complete the continuity of development from the Penn Railroad Station to the old CBD. The Passaic riverfront will also lend itself to this principle. The land along the river from the Station to the office buildings across from Military Park is vacant. Development on this land will tie the CBD to office buildings further north, and provide a connection to the transportation center. Opportunities to provide open space along the river are also available.²¹

Flexible development phasing will avoid disfiguring gaps that might accompany the need to accommodate market downturns. The successive phases for the Gateway Complex brought development gradually closer to the older downtown along Broad Street. A master plan for the riverfront, might include a mixed-use complex keyed to future growth in the communications industry, financial and legal

services, education, and related consumer services.²² (Exhibit 10, Urban Forms as Defined by Building Masses)

The city should establish design and development guidelines for large-scale projects, guidelines that could well serve as a model for public policy on downtown design and development. Street-level public amenities and a variety of conveniences are the premise of the riverfront project's marketability, according to a master plan. The amenities/convenience element of a plan may be viewed as a connective tissue of small-scale commercial spaces surrounding a skeleton of pedestrian circulation. This element is considered to be at least as important to the success of the project as the aggregation of the office towers will be. The master plan will also take into account the larger context: view corridors from Broad Street to the river and Manhattan, as well as from the river to Broad Street, will be respected, or created.²³

Above all, planning that capitalizes on the potential of the riverfront to create a sense of place is needed. A commitment must be made for waterfront improvement. It is hoped that a significant amount of residential development on both sides of the Passaic River be achieved. In addition to an extensive network of pedestrian amenities, a plan could feature a major regional attraction in the form of a riverfront park that may include a fountain, a wintergarden, terraces, and plazas.²⁴

The riverfront development does not represent a return to the old days when the public treasury paid for everything. It does mean that the public will try to channel private dollars, whenever it can, towards public benefit. The system by which this future development has been made recognizes that the private sector is supposed to be where the vision is. The philosophy at the Passaic Riverfront should be that the public's interest, as represented by the recommended development plan, is the priority. The public sector has no choice but to fit into the private sector's actions. One would argue that many city officials might call this authority and control a straightjacket, but in the end, given the choice of accepting these actions or losing the chance for urban revitalization, the public sector will concede. They recognize their inability to handle the

revitalization effort, thus the private sector has assumed control. What will make the system work is the strong leadership and commitment of the NEDC and Renaissance Newark, with the approval and blessings of the mayor and the Department of Development.

Footnotes

Chapter One

¹³Bruce Hendler and Lowell Brody, "Filling the Hole in the Doughnut" Urban Land Institute: Washington DC, June 1986, p.17

¹⁴ Bruce Hendler, "Planning for Project Development" Development, September 1986, p.16

¹⁵Grad Partnership, "Master Plan for the Newark Legal and Communications Center," 1985, p.43

¹⁶Ibid., p.43

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¹⁸Paul Goldberger, "Public Space Gets a New Cachet in New York," New York Times, May 22,1988

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CHAPTER TWO:
SUCCESSFUL ORGANIZATIONS

Change continues to be constant in Newark, so much so that the term renaissance has become synonymous with the city. More than \$2 billion has been invested in Newark since 1980. Development has taken place at an unprecedented rate. Scores of new businesses have been established and existing firms have expanded. Clearly, Newark has rebounded and is well on its way to recapturing its former glory as one of the premier business centers on the east coast.

Newark's revitalization effort is not happening by chance. It is the direct result of the cooperation and determination of the public and private enterprise in the city. The corporate commitment to the city has been most significant, as has been the work of private organizations, such as the Newark Economic Development Corporation (NEDC), Renaissance Newark, Inc., and the initiatives of the city, state, and federal government.

WHAT NEDC AND RENAISSANCE NEWARK HAVE TO OFFER

NEDC and Renaissance Newark at a city level can be seen as one element of a series of actions or devices for 'getting around' limitations and constraints that prevent the mayor's office from implementing its programs for urban revitalization. These organizations are pragmatic solutions to difficulties inherent in existing political, fiscal, and jurisdictional situations.²⁵ They are, therefore, acting outside the boundaries of the city's public development agency. They are competing with formerly more important regular governmental agencies that handle development. The city's inability to handle development has caused these two organizations to take over where the city has lost their capacity to get the job done. Let's look at what these two organizations basically are and outline some of their advantages in handling the development.

In a sense, NEDC's and Renaissance Newark's public-private organization form is a hybrid. It has been considered to be most closely related to the special district, because of its special purpose actions. The organizations also act in a way as a general purpose

business corporation, but more as a quasi-public, quasi-private corporation. This type of corporate structure is reminiscent of the European intermingling of state and government corporations. Governments achieved joint partnerships with the private sector and thus adopted the form and structure of the private corporation to attain an end to their purpose.²⁶ There is no real definition or precedent for the two organizations; their form has evolved through the years.

What are the advantages of such a public-private organization? Below are listed some features that represent what the two organizations have to offer in the revitalization of Newark.

The NEDC and Renaissance Newark enjoy a less restricted status. This freedom, to a certain extent, separates them from the other traditional agencies in the city which handle the development effort. The two organizations seek to develop good working relationships with other units of government that are not directly associated with their functions, yet are related to development in the city. One way of doing this would be to aid other agencies accomplish their own objectives. Examples are: NEDC and the division of Economic Development in the Department of Development, and Renaissance Newark and the Department of Development. The NEDC and Renaissance Newark use their flexibility and ability to override those regulations that are stalling the other public agencies. As a public-private organization, they are not forced to hire civil servants, as the local government must. The two organizations have much more freedom in the firing and hiring of personnel for its operations than the municipal government. They can tap into the sources of the private sector for the most qualified professionals to lead and staff the authority.

Both NEDC and Renaissance Newark operate under a board of directors and one head director, or executive, much like a private corporation, thus falling under the leadership of one individual capable of making a strong decision and sticking to it.²⁷ Newark has never had a strong individual employed in any agency devoted to development. The problem in the past with multi-leadership authorities was the impossibility of expedient action stemming from

indecisiveness and/or disagreement among the leadership board. The leadership of NEDC and Renaissance Newark are comprised of people who are interested and dedicated to the commercial and industrial revitalization of a city. This would ensure that the activities of the two organizations are economically feasible. The ultimate control and accountability of their duties remain in the hands of one person from each organization, constantly in close consultation with its board of directors and the mayor of the city. In the past, the directors of the public development agencies were weak. Their personal powers were constrained due to the constraints placed upon their agencies.

There are advantages that the two organizations, NEDC and Renaissance Newark have to offer to Newark in its revitalization effort. Let us now look at the two organizations individually, and outline the different services they provide to developers. Also, let us look at some current (and successful) projects that both organizations have initiated and coordinated, and see how their services aided the development process.

The Newark Economic Development Corporation

Newark appears unlikely for investment by many developers. The traditional practice of a private developer of coming in and buying up huge tracts of downtown land is a thing of days gone by. Since 1975, the city has been the major landholder. Newark's policy is to buy the land and declare it blighted and thus make the newly acquired land eligible for tax abatement. The next step is to sell the land to private interests at less than market rates. The developer bought the land through cheap, leveraged financing through the city's agent for marketing and orchestrating development projects: the Newark Economic Development Corporation.

The Newark Economic Development Corporation (NEDC) is a non-profit, quasi-governmental organization established by the public and private sector officials to be the city's agent for economic development.²⁸ The services that NEDC provides are technical assistance, site and facility location advice, a guide through the

municipal constraints, and financial assistance. The NEDC will negotiate on behalf of the developers and/or firms for tax abatement privileges and manages the UDAGs received by Newark. The NEDC staff views itself as more of a corporation, than a public agency. For the past seven years, they have been the dominant economic development agency for Newark.

The capacity of NEDC to initiate and stimulate development in Newark is crucial. The staff of NEDC is comprised of a handful of professionals with many years of private sector economic experience. NEDC is a non-public agency. Thus, they are not required to hire any civil servants as its counterpart public agency are. The staff at NEDC is run by an executive director with ultimate authority and responsible to the corporation. He is accountable to a Board of Directors that is formed at the state level. The board members are representatives from various banks, law firms, corporations in New Jersey, and members of the Newark City Council. Thus, the director of the corporation is accountable to both the private and public sector. The NEDC is offered federal and state funding, as well as the power to negotiate lending packages with commercial institutions. The director must balance the funding sources from both sectors, equally.

The NEDC is under contract to the city of Newark, and they handle both commercial and industrial development. They are beginning to handle some residential rehabilitation projects. NEDC operates on a comprehensive, city-wide basis.²⁹ Unlike, Renaissance Newark which was limited to the CBD. The NEDC provided much of the groundwork and detail work of past development projects.

In today's uncertain economy, all efforts are made to leverage private and public investments in the revitalization of a city. Because of this, the NEDC works closely with commercial banks, financial institutions, insurance companies, and private investors in seeking the most effective financial package available. Through creative structuring, NEDC is frequently able to reduce the overall interest rates on loans to developers by molding a more costly conventional loan with low-interest governmental loans, thus reducing some of the risk and improving the potential profit on the individual development project.

NEDC works well as an integral element in the development process. They provide the coordination between the funding sources and the development project. It is NEDC's creative financial packaging which offers great opportunities to businesses and firms. NEDC provides not only aid and benefits to the individual developers, but also new jobs, less expensive office rents, tax benefits, and millions of dollars of federal grants to the city and its residents.

In the Central Business District, several new office buildings now dot the city's skyline. PSE & G's \$50 million corporate headquarters, New Jersey Bell's home in the \$37 million One Washington Park building, and the multi-million dollar Gateway Complex developed by the Prudential Insurance Company have all brought new life - and jobs - to the downtown area. NEDC has in one form or another been involved in the development of each of these projects. NEDC secured the tax abatements for the PSE & G headquarters; secured a \$12 million low cost interest loan for New Jersey Bell; and provided tax abatements and over \$10 million in the form of Urban Development Action Grants (UDAGs). Construction crews are busy now, completing work on Four Gateway Center. The project is a \$40 million, 15-story office tower which will add 315,000 square feet to the complex, and a 500 car parking garage which will be furnished with a \$8.8 million UDAG from NEDC.³⁰

Work is also underway on the Newark Legal and Communications Center a \$70 million joint venture of the Port Authority, NEDC and the city. First, NEDC provided the technical assistance for the Port Authority. They had done the initial studies and market analysis on site location. Soon after NEDC determined the site, they worked with the city on securing ownership of the land. Second, NEDC helped the Port Authority put together Request For Proposals to find an architectural firm to design the building. NEDC secured tax abatement for the Port Authority and managed to acquire a \$9.8 million UDAG that would pay for the parking facility in the development. The 485,000 square foot, 20 story building will offer tenants some of the most advanced corporate facilities available. The most attractive feature of the center is its proximity

to the county, state and federal courthouses. The center will make Newark the state's leading legal community.³¹

But new buildings alone cannot support a city. As a result, hundreds of existing structures in and around the Central Business District have been renovated to meet the increased demand for prime space in the city.

Another project is the 13-story Gibraltar Building by Time Equities, Inc. for \$11 million in 1986. The company plans to spend an additional \$20 million to renovate the 700,000 square foot building, which is noted for its classic architectural style. When completed, Time Equities expects to be able to offer first class office space for about \$15 to \$20 per square foot. This is approximately half the cost for comparable office space in nearby Manhattan and far below those of Philadelphia, Boston, Baltimore, Hartford, and other major American cities.³² NEDC conceived this project and assisted with the financing, condemnation, tax abatement, and the blight/redevelopment plan.

Time Equities turned its attention to Newark because of its location and relatively low acquisition costs, according to David Lebenstein, director of commercial and industrial acquisitions for the firm. The company believes that Newark and several other urban sites in New Jersey are primed for tremendous growth.

"Most suburban office parks lack the access of Newark and are overpriced and risky for developers. And New York office rental prices are going through the roof," said Lebenstein, who foresees an exodus of firms to the Garden State. "There is no problem selling businesses on the idea that employees can easily get to Newark either," added Lebenstein. Seven major highways and other key arteries serve as commuter routes for the thousands of cars and buses that enter the city daily. In addition, nearly 450 trains, including Amtrak and NJ Transit, plus the PATH line to Manhattan and the Newark City Subway provide local and national service for nearly 70,000 passengers each day.³³

What made the Time Equities plan viable was the economic assistance provided by city and state programs through NEDC. The CBD, as well as several other areas of the city, has been designated an

Urban Enterprise Zone. This means that a business in the zone can apply for substantial tax credits and other economic benefits, making investment even more attractive. Time Equities is also eligible for a tax abatement on the Gibraltar property, through which the developer, in lieu of full taxes, may pay a sum of fifteen percent of the gross annual revenues derived from the building, or pay an amount equal to two percent of the construction or improvement costs. The abatement can be extended beyond fifteen years.³⁴

In addition, tenants of the Gibraltar Building may take advantage of employee tax credits of \$1,500 per person for hiring full-time employees who are Newark residents. Other benefits of having Urban Enterprise Zone status include exemptions from sales taxes on business equipment, office furniture and trade fixtures used by a firm and a 50% reduction in state sales tax on retail goods sold within the zone.³⁵

To date, more than 620 firms have applied for the substantial tax benefits available under this state sponsored program, NEDC had acquired all 620 approvals for these firms. According to officials those "qualifies businesses" will leverage over \$210 million in private investment and will create more than 5,000 new jobs in the city.³⁶

As costs continue to be the single most critical factor in business decisions, more and more companies are deciding on Newark than other metropolitan or suburban areas. Quite simply, it costs less to conduct business in the city. Utilities, for example, cost almost half as much as in Newark than elsewhere in the New York Metropolitan region, according to a recent report by the American Chamber of Commerce Research Associates. Transportation services are 19% less; housing and health care costs 22% and 20% less respectively; and consumer goods and services cost 8% less.³⁷

Commercial and industrial firms that expand current operations or establish new facilities in Newark can also benefit from the Area Development Electric Rate offered by PSE & G. Discounts or credits between 7% and 15% of monthly utility bill are offered, depending on a company's current rate schedule and usage pattern. This program is initiated by NEDC, when they began to secure tax

benefits and monies for the PSE & G. The utility established this program as a sign of cooperation and commitment to the revitalization of Newark.³⁸

Newark and the NEDC have been one of the most successful cities in the country in obtaining and implementing Urban Development Action Grants (UDAGs) from the US Department of Housing and Urban Development (HUD). Grants totalled over \$44 million and leveraged projects exceed \$185 million over the past five years. Other assistance programs available provide low-interest loans and loan guarantees, tax abatement, and revenue bond issues.³⁹ (For more details, see Appendix A)

These financial incentives and the unparalleled transportation network that offers rapid interchange between road, rail, sea and air have also encouraged development not only in the CBD, but also in the city's industrial areas. The Airport Industrial Center, for example, is being developed by the New Jersey Economic Authority on a 15-acre site acquired from Weston Instruments in 1985. Among the park's first tenants are DuRite Leather, Handcraft Manufacturing, and Personality Handkerchief, three fashion accessory manufacturers who will occupy a 160,000 square foot building being developed by Elgin Realty Urban Renewal Company.⁴⁰

The \$7 million project appealed to Joseph Gindi, head of Elgin Realty, because of the cooperation and financial packaging made available to his firm. The NEDC helped arrange low interest \$1 million UDAG and an additional \$4.5 million in financing through Chemical Bank. NEDC was also instrumental in securing tax abatement and an Urban Enterprise Zone designation for the company. "That made the difference," said Gindi, who simply found the cost of doing business in New York unprofitable.⁴¹

Newark's development efforts are not confined to the Central Business District or highly industrialized areas. Throughout the city, changes are taking place. NEDC has its focus on the potentially lucrative riverfront area. NEDC would provide the needed support and assistance to the individual developers during the development of the Passaic Riverfront. NEDC would provide the initial technical, assistance, which would include market studies and analysis, and

financial feasibility studies. They would also include site and facility location advice to the potential developers. The corporation would try to target an appropriate developer for a specific development parcel. The advantage of this strategy limits the potential of a smaller, lesser experienced developer or company from handling a project beyond its means.

The corporation would also begin to structure and determine the financial assistance requirements for the developers. Thus, NEDC would be able to creatively structure a financial package that would limit the risk and improve the potential profit for the developer. These incentives to the developers facilitates the revitalization effort in Newark and on the riverfront.

RENAISSANCE NEWARK

In 1979 and 1980 with substantial interest growing in commercial development, several studies had been done to analyze the needs and resources of the downtown district. Two studies had taken place. A Newark Redevelopment and Housing Authority study concluded that the vacant land on the Passaic River waterfront, just east of the CBD, would be prime for development of one or two retail areas (one being of similar design and use as the Fanueil Hall Market in Boston), renovated housing and an open, urban park system.⁴² At the same time, the Greater Newark Chamber of Commerce's economic development task force had prepared a separate study. In the spring of 1980, their study was reviewed and digested by the business community. A few of their conclusions were:

- * the underdeveloped land in and near the CBD has an intrinsic appeal if certain conditions can be met;
- * a modernized, safe Penn Station is critical to the success of the redevelopment effort for the CBD;

- * there is a very high level of interest in initiating revitalization at all the levels of government and in Newark's fore running private business community;
- * continued piecemeal development of the CBD will not make the most effective use of federal and state urban development and transportation assistance programs;
- * federal assistance programs can be used to establish a local development entity to supervise the development of the station area.⁴³

The last conclusion became the starting point toward the concept of Renaissance Newark. The mayor and the local business community met frequently and came up with a plan to establish a special district for the concentrated development in the downtown. The organization they helped form was known as Renaissance Newark, Inc.

Before one can begin to outline the form and function of Renaissance Newark, Inc., one must give a historical base to the organization. This organization had been the first true effort in the revitalization of Newark, since its decline and absolute bottom in the late sixties and early seventies.

Since the beginning of Mayor Gibson's tenure in 1976, he had met quite frequently with the executives of the larger firms situated within the city and the members of the Greater Newark Chamber of Commerce (GNCC). These meetings were held to discuss the future plans of Newark. They were a fantastic opportunity for strategic planning and action. These meetings were described as informal gatherings, where each member corporation or firm could be made aware of the others' aspirations on growth and expansion.⁴⁴ Representatives from both the public and private sectors discussed the future plans for revitalization. The major financial institutions stated their desires and intentions, as the mayor listened and determined the extent of the city's ability to accommodate their needs. The mayor and David Rinsky, the then president of the GNCC,

devised a plan to establish a special district for planned development in the downtown CBD.⁴⁵ They constituted an ad hoc committee to outline a corporation that would oversee downtown development. This committee included members of the GNCC, the Newark Economic Development Corporation, the Newark Redevelopment and Housing Authority, and the NJ Department of Transportation. The ad hoc thus formed the organization known as Renaissance Newark, Inc.

Renaissance Newark, Inc. operates out of offices leased by the Public Service Electric and Gas Company (PSE&G). The director, Everett Shaw, is also the Director of the Newark Department of Development. The eight member Board of Directors include the Chief Executive Officers of five major corporations: the First National Bank of New Jersey, Mutual Benefit Life Insurance Company, The Prudential Insurance Company of America, PSE&G, the United States Savings Bank. The other board members are the mayor, the State Commissioner of Transportation, and the director of the GNCC. Funding for the organization is provided by the fourteen largest firms within the city. This is a major advantage, because the organization is thus self-supporting and requires no external public funding. The focus of Renaissance Newark, according to Shaw, is limited to the CBD which is a disadvantage, because the scope and range are limited, but this is where the greatest potential for development exists. Shaw sees Renaissance Newark as a catalyst, for the revitalization of the downtown. The objectives are threefold: 1) a role for the private sector in revitalizing Newark; 2) to protection and enhancement of the investments of the larger firms in downtown Newark; and 3) enhancement of the quality of life for the people of Newark.⁴⁶ A major advantage of Renaissance Newark is, that the goals they have set are parallel in theme and purpose to those of the city.

The participating business firms view the role of Renaissance Newark as a planner and coordinator which is a role which the city should be handling, if its able to do so. Renaissance Newark draws together the firm with the financier, and the city government provides funds for infrastructure. Local development will be attained by the combined efforts and resources of both public and

private sectors. Each piece of the development has and will complement the others. The end result will be a coherent and coordinated development in the CBD.

The realization of benefits beyond the CBD is a secondary consequence brought about by the successful development. The business community feels confident that the Renaissance projects helped to extend the tax base and increase the number of jobs in the city. The development in the CBD provided close to 2.6 million square feet of first-class commercial office space, at a leasing price of \$15 - \$22 per square foot.⁴⁷ The price of the Newark commercial space appealed to New York City firms, who paid two to three times that amount for office space in New York. This is not back office space for large New York City firms and corporations. Tenants in these newly developed office spaces are a combination of present Newark firms expanding their current operations and firms which used to occupy space in other areas that move their whole operations to the city. The new commercial office space also appealed to those firms who sought to move out to the suburbs, but due to the price of gasoline and the lack of public transportation to those sites, remained in the city. Renaissance Newark approached the local financial, legal, and brokerage firms to lease space in the new development projects, and were successful. The occupancy of these types of firms undoubtable increased the white-collar job size.

The local business community holds Renaissance Newark, and its efforts, in high regard. The GNCC, as the representative body for the business community, is well aware of the requirements and opportunities for the CBD. They also know the needs for sustaining the present business community and for acquiring new businesses to the city. A majority of all these concerns have been incorporated into the responsibilities of Renaissance Newark. An example of this is Renaissance Newark's assertion that the upgrading of the transportation facilities in Newark are essential to revitalization. This was the foundation from which development grew.

The planners of the 1960's anticipated that the job of revitalizing the downtown central business district could be done in a decade.⁴⁸ The enormous size and municipal constraints of the task

prevented a quick solution to the problem. A secondary reason for why the revitalization fell behind the anticipated schedule in the 1970's was the weak state of the office market in Newark. The poor market was partly due to the unattractiveness of Newark, but was also greatly influenced by problems in the nearby Manhattan office market, only 20 minutes away. When the New York office market was down, the Newark office market was down as well. The persistence of a divisive political climate and the scandal-ridden city administrations of the 1960's did not help to accomplish the task of urban revitalization.⁴⁹

In the end, it was the decision to upgrade and rehabilitate the Penn Railroad Station that caught the attention of the business community and set the stage for new development in Newark. A revitalized rail station promised to improve the prospects and opportunities for the CBD and any development to occur in Newark.

The development of Newark's infrastructure system was handled exclusively by the state's Department of Transportation and New Jersey Transit, the state approved and sponsored transit system, and Renaissance Newark. The initial conception for this rehabilitation and upgrading came from coordinated efforts by the private sector (Renaissance Newark); and the public sector (the mayor's office.)

A key factor to the redevelopment agenda was the receipt of federal funds for infrastructure improvements in the industrial corridor and the adjacent areas of the business district. Another channel of government funds was to facilitate the upgrading of the Penn (train) Station and the adjacent areas.

The funding for the Northeast Corridor Improvement Project was viewed by some business leaders as a contingency for development and others viewed it as a catalyst.⁵⁰ The rehabilitation of the transportation center of the city was a logical first step. The question is whether a role the city and the others involved realized how important the train station plays in the revitalization effort.

The train station was the link from the outskirts of the city, where the workers lived, to the offices, where these workers were employed. An improved and efficient transportation terminal will

provide for the continuous easy arrival and departure of the office workers, especially the rush hour crunch. If the office space was increased, the upgrading of the train station was needed to handle the increased volume of people.

Renaissance Newark has also been greeted warmly by the officials of Newark after the initial revitalization of the Penn Station. City administrators have consistently stated their inability to generate economic impacts to maintain the CBD. The city has acknowledged a back seat role to that of the leadership role of the private sector. The business community; the private sector, develops its strategy and then implements its plans. The local city government; the public sector, reacts to the development effort. This is happening as Newark struggles with its budget deficit, its need to reassess real property and the evaporation of the quality of the municipal services to the city and its citizens.

NEDC and Renaissance Newark have both taken the lead in the development of the city. Newark has relegated this authority to these public-private organizations due to their inability to play an active role in the revitalization of the city. The combined efforts of NEDC and Renaissance Newark have offered leadership and assistance to the private sector in their development efforts within Newark. More and more firms are finding advantages of locating in Newark, thus the need for new construction and renovation remains paramount. For this boom to continue, and continue on the riverfront, NEDC and Renaissance Newark must maintain the high standards of professionalism and expertise which has made past developments successful.

The public sector, the mayor's office and the Department of Development, would continue to perform their roles as they have done in the past. Their assistance would be contained to the usual public agency tasks: the acquisition, management and disposition of real estate; the removal of abandoned building and debris from city-owned property; and technical assistance for developers and investors.

Footnotes

Chapter Two

²⁵Eleanor A. Brilliant, The Urban Development Corporation - Private Interest and Public Authority, Lexington: DC Heath Company, 1976 p.41

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²⁷Interview with Howard Horii, Grad Partnership

²⁸Newark Economic Development Corporation, A Corporate Profile, 1988, p.2

²⁹Ibid. p.2

³⁰Newark: A Kaleidoscope of Great Change and Growth, Public Service Electric and Gas, 1988, p.1

³¹Ibid., p.1

³²Ibid., p.2

³³Ibid., p.2

³⁴Ibid., p.2

³⁵Ibid., p.2

³⁶Ibid., p.2

³⁷Ibid., p.4

³⁸Ibid., p.4

³⁹Ibid., p.4

⁴⁰Ibid., p.4

⁴¹Ibid., p.4

⁴²"Preliminary Report of the Riverfront Plan", Newark Housing and Redevelopment Authority, 1980

⁴³"Background on Renaissance Newark, Inc.", the Greater Newark Chamber of Commerce, 1980, p.15

⁴⁴Ibid., p.28

⁴⁵Ibid., p.32

⁴⁶Ibid., p.18

⁴⁷Newark Economic Development Corporation, A Corporate Profile, p.2

⁴⁸Ibid., p.4

⁴⁹Ibid., p.5

⁵⁰"Florio Announces Station Funding." The Star Ledger. March 18, 1981

CHAPTER THREE:

THE PUBLIC'S SUPPORT

The Newark Department of Development

Over the past few years, the physical, social and economic revitalization of Newark has become one of the highest priorities of the local government. Several major agencies became involved in the process, and channeled large amounts of federal, state, and private funds into Newark's revitalization.⁵¹

In 1986, in an effort to lessen duplication and competition, and expedite the regulatory process of development, the mayor and council centralized most development functions into one department: the Department of Development. This was initially seen as a major advantage in the eyes of the city's administration. When set into practice, its disadvantages appeared.⁵²

The Department of Development is responsible for the acquisition, management and disposition of real estate; the removal of abandoned buildings and debris from city-owned property, and financial and technical assistance for developers and investors.⁵³

This new department oversees the urban renewal activities which were initially performed by the Newark Housing Authority, and later reclaimed by the city in 1983. It also performs some of the tasks that were done by the now defunct - Mayor's Policy and Development Office - for many years. This was a logical move. Why should the Housing Authority handle redevelopment within the city, when its responsibilities were already great?

The new department coordinates and enlists government, business and citizen support in revitalization. The single office approach maximizes the city's aid to developers by providing all the services they need in one office. However this also, places too much responsibility on the department, which is a great disadvantage.

The goals of the Department of Development are:

- * to increase the return to the public through projects that add to the tax base, provide new jobs and services, and improve the city's appearance.

* to provide safe and attractive housing, and related services, for the citizens of all income levels.

* to maintain balances between downtown and the neighborhoods, and in helping present Newark residents and businesses and also encourage new people and firms to come here.⁵⁴

The Newark Housing Authority, under the new city structure, has had their role significantly reduced. They are now only responsible for the construction and operation of public housing and the completion of its past urban renewal projects. The new department, the Department of Development, is the official redevelopment agency of the City of Newark.

The Department of Development has four operating divisions under it. These divisions are:

DIVISION OF HOUSING ASSISTANCE - This agency works to increase housing investments in the city and revitalize and stabilize neighborhoods. It has assumed the roles and functions of the old Urban Development Resources agency, and it now administers the various grants and loan programs for the rehabilitation of housing in selected neighborhoods.

DIVISION OF ECONOMIC DEVELOPMENT - Both city-wide and neighborhood efforts are performed by this agency. It provides assistance to commercial and industrial developers, and encourages business investment in the city, similar to NEDC. Through a contract with the NEDC, the division also promotes downtown development. They seek investments not only in the industrial and commercial efforts, but also in the neighborhood and minority enterprises.

DIVISION OF PROPERTY MANAGEMENT - This agency for the city acquires property for redevelopment. They also relocate residents and businesses to make way for new construction. The division manages residential and commercial buildings that have been taken over by the City of Newark. The agency tries its best to put up the and for sale to private interests, so they may receive the tax revenues from the private ownership. Thus the division also handles the collection of rent on the city-owned properties.

DIVISION OF DEMOLITION AND CLEARANCE - The demolition of deteriorated buildings that are beyond rehabilitation or are public hazards are handled by this division. It has the responsibility to use city personnel to demolished. The Division of Demolition and Clearance also cleans, fences and maintains the many vacant lots owned by the city. so they do not become an eyesore to neighbors and that the land in attractive to prospective buyers.⁵⁵

In 1986 when the mayor and the council consolidated many of the related agencies into one department, the city took a step in the right direction. The mayor and the Department of Development share the same views toward urban revitalization, which is advantageous. This is a good beginning to the solution of the problem. Yet, there are still too many responsibilities attached to the new department.

The Department of Development, as mentioned before, is responsible for the many tasks within the development community. The primary function of the department is to offer technical and financial assistance to developers and/or projects. The technical assistance that the department would provide includes helping developers through the approval process, working with the zoning board on granting variances to applicable projects, and negotiating with architects and construction companies. The financial assistance would appear in the form of feasibility studies and analysis of the

project. The department would coordinate and meet with the developer to discuss the possible profit potential of the project. This assistance would supplement the feasibility studies performed by the developer, and allow the developer a "second opinion" on the monetary success of the project.

The Division of Economic Development is within the Department of Development. This is considered to be an obsolete division. They perform the same financial assistance as NEDC. Why should the two perform the same tasks? Thus, the city should phase out the division and allow NEDC to handle the tasks of channeling funds and structuring financial packages for the developer.

The department's secondary function is the acquisition, management and disposition of real estate within Newark. It is responsible for the acquisition of land and is given the powers of taking land for development purposes. The power allows it to override traditional regulations concerning land use and traditional rights of private property. The department deems the land it wishes to seize as 'blighted' and then sells the land to developers at a price well below market price. This procedure is an incentive for developers who cannot purchase the land at the market price. Thus, this division should also be maintained within the department.

The final function the Department of Development handles is removal of abandoned buildings and debris from the city owned properties. It has the responsibility to use city personnel to board or brick up structures until they can be rehabilitated or demolished. The Division of Demolition and Clearance also cleans, fences and maintains the many vacant lots owned by the city, so they do not become an eyesore to neighbors and that the land is attractive to prospective buyers. The Division of Demolition and Clearance is clearly wrongly assigned to the Department of Development. This division should come under the Department of Engineering, as many of the labors originated from the Department of Engineering staff or private contractors are hired by the Department of Engineering.

The Division of Housing administers the various grants and local programs for the rehabilitation of housing in selected neighborhoods. These efforts strictly concern themselves with public

housing. The Newark Housing Authority should be responsible for this function. Any other housing development which appears in Newark is exclusively handled by private sector concerns. The Department of Development would thus phase over the responsibilities of the Division of Housing Assistance over to the Newark Housing Authority.

The Department of Development is presently structured with four divisions: Housing Assistance, Economic Development, Property Management, and Demolition and Clearance. The proposed structure would only include two divisions: Economic Development and Property Management.

The reduction in the size of the department and the logical redistribution of certain divisions streamlines the department into a more efficient agency. With many redundant and obsolete functions removed from the department, the staff can be resized to allow adequate participation to the task. The staff within the original structure of the department employed three architects, one urban planner and three engineers, along with twelve technical assistants and support staff. This core of professionals may now concentrate on the task of providing technical assistance where needed.

The Department of Development is a public agency, with a director providing the leadership. In the case of the Department of Development, the director of this agency is also the executive of Renaissance Newark. This arrangement allows both the public and private sector priorities and issues to be addressed. The director is in a very strong position. Thus, the director is considered the connection between the mayor's office and the offices of the major corporations. This unique connection also places a major responsibility of the director of the two development entities. The director is ultimately accountable to both the mayor and the major corporations. This connection would appear to many critics as a conflict of interest or the private sector's attempt at taking advantage of the authority and power of the public sector. This would be true if both the Department of Development and Renaissance Newark did not share the same views and ideals of urban revitalization. The agency and the organization both believe in

the role of the private sector in revitalizing Newark; the protection and enhancement of the investment of the larger firms in Newark; and the enhancement of the quality of life for the people of Newark.

Footnotes

Chapter Three

⁵¹Know Your City Government: Newark, NJ, Office of the City Clerk, Newark, NJ p.25

⁵²Ibid., p.25

⁵³Ibid., p.25

⁵⁴Ibid., p.25

⁵⁵Ibid., p.25

SUMMARY AND CONCLUSIONS

Planning and implementing development on the riverfront would be complex and time-consuming work for the city's development agency. It requires the private sector to handle this task. Organizations, such as NEDC and Renaissance Newark have proven their ability to handle development within Newark. Thus, it stands to reason that they are capable of providing the leadership and experience to the development of the riverfront area.

The task of the revitalization of the riverfront requires a solid working relationship between the key private and public sector actors. NEDC and Renaissance Newark should seek to capitalize on available resources and anticipate local, regional and national construction trends so that the city and the business community can benefit from the development. The development of the Passaic Riverfront demands a long-term perspective and commitment. This means investing staff and other resources today so that the city and the business community's future health can be secured.

Planning and implementing riverfront development strategies require a heavy investment in time and energy. Successful development would provide a healthy and diverse economic base, create job opportunities for the residents, and contribute to the quality of life within the city. Planning for the development of the riverfront would include the following tasks:

1. Evaluating past performance. Plans for the future should build on past successes and take advantage of the lessons learned from past failures. Evaluating both the programmatic and organizational history of earlier public and/or private development programs is an important first step in planning a new development strategy. It can provide both direction and useful data that can make the planning job easier and more effective.⁵⁶
2. Recognizing major trends. It is important to know how healthy the community's existing businesses and building industries are and to compare and contrast local building strengths and weaknesses with the national

building industry and those of comparable communities. This will help local leaders set program and policy directions by suggesting where investments might make the most sense. This task should include tracking political and social shifts as well as economic and technological changes.⁵⁷

3. Identifying internal strengths and weaknesses.

Development strategies should be designed to take advantage of the strengths of the local public and private participants, including the resources each individual and organization controls and those to which they have access through their personal and professional relationships. Communities should not limit themselves to programs that rely on readily available weaknesses in available talents and resources - developing new strengths and compensating for existing weaknesses in available talents and resources is important. But recognizing, for example, that available staff have strong skills in financial packaging may mean that developing a revolving loan fund to leverage private investment may be more effective than initiating an employee training program for businesses, if staff have no expertise in the latter.⁵⁸

4. Defining overall program goals and alternative strategies. Many goals and objectives can and should be considered in the development of an action plan, but a successful program has just a few key goals and a thorough plan designed to accomplish them. The organizations need to make choices - whether to focus on revitalizing the riverfront at the expense of neighborhood commercial centers during the next two years, for example, or whether to invest more resources in the expansion of existing industries than in attracting firms that would help diversify the economy.⁵⁹

5. Creating an implementation plan. Implementation strategies need to tie specific resources to goals and clarify tasks that will be accomplished in terms of specific time frames and actors with major responsibilities. Being specific about time frames and responsibilities provides information necessary for monitoring the ongoing implementation efforts.⁶⁰

6. Reexamining issues and policies. A method for integrating feedback from ongoing efforts as well as new information needs to be developed so that the strategy's directions are constantly refined to meet the needs of a changing environment. As implied earlier, local organizations need to continually track major trends and adjust policies and programs accordingly.⁶¹

NEDC and Renaissance Newark should adhere to these basic tasks in order to achieve their goal. Familiarity with program and organization options is an important first step in designing a development program. Also necessary are an understanding of local resources, constraints, and opportunities and the commitments of resources, if the two organizations want to choose their path for a successful revitalization effort.

Traditionally, organizations such as NEDC and Renaissance Newark did not feel the necessity nor the desire to undertake comprehensive planning. Yet many of their activities could be considered close to comprehensive in scope and scale. The staffs of these organizations saw themselves as being involved in planning, or at least, making decisions that would affect the future of a possible development area. The NEDC and Renaissance Newark not against planning, but they are against useless or ideological utopian planning that will inhibit development.

Peter Druker described long-range planning in a business context as "the continuous process of making entrepreneurial (risk-taking) decisions systematically, and with the best possible knowledge of their futurity, organizing systematically the efforts

needed to carry out these decisions, and measuring the results of these decisions against the expectations through organized feedback."⁶² This is the concept of planner as entrepreneur-developer, taking risks and adjusting to risks through evaluation of the performance of past risks. It is a process of mixed scanning. The long-range policies and goals of the planners are held in mind (the capacity of the public planning office) while necessary adjustments and improvisations are made for operational necessity (the capacity of NEDC and Renaissance Newark.) Within this wide arena, the directors of the two organizations can pick and choose among specific projects which they believe are financially feasible and appropriate to the urban context.

Renaissance Newark would develop long-range projects for the riverfront from the start, but they would also concentrate on the more immediate impacts of the development efforts, as well. In fact, Renaissance Newark would act as "the circus master in a multi-ring circus" by coordinating and channeling the various independent elements to make a of coherent effort out of the bunch of unrelated and individual developers or parcels. There are a few ways in which Renaissance Newark would perform in this function.⁶³

First, Renaissance Newark would allow NEDC to influence the distribution of funds related to development throughout the waterfront development area. Renaissance Newark would work closely with the NEDC, but they would never at any time override NEDC's capacity to distribute funds. Renaissance Newark would act as a go-between from its office to the individual developers handling the development effort. The conflict of interest and the overlapping of roles and responsibilities could cause money flow problems of how much money and where the money should go for different development efforts throughout the riverfront development area. NEDC would work directly with state and federal funding agencies.

Second, Renaissance Newark would have the formal power to negotiate with the city to allow developers to build without being constrained by the local building codes and regulations, under unusual circumstances. If it needs to accommodate a developer or a development project, Renaissance Newark would have the capacity to

neutralize codes and restrictions allowing the development to progress without being bogged down in the approval process. The ability to utilize land without having to adhere to local restrictions and to be able to advance credit to developers before the municipal approvals process in the early stages of a project will allow the authority to get the job done faster and to negotiate more profitable projects than could be realized before. If Renaissance Newark is capable of working in this fashion, development will be more attractive to profit-seeking developers, or even community groups with available land. Previous actors may have been burdened by debt limits or regulations, thus their development was unsuccessful.

This expediency would give the organization strong weapons at the bargaining table. They would thus be a sort of 'deus ex machina,' a vehicle which would push through projects that were otherwise stalled due to one reason or another.⁶⁴ The individual, private actors in the development of Newark would not necessarily be happy in sharing their efforts with the organization, but their headaches and problems could be reduced by cooperation with it.

Lastly, in achieving its developmental responsibilities, both NEDC and Renaissance Newark are given a flexible role, by being allowed into the development process up to the point where the developers carry out the physical development of the waterfront revitalization. Renaissance Newark would purchase land from the city (at a reduced rate), and NEDC would put up the initial capital required for studies and plans plus coordinate the packaging of the entire development effort. Both organizations would have the capacity to help the developer in expediting the approvals process and selection of the architect or the construction company. The new authority would never act as an owner or builder; it would be a middleman linking the business community and the developer.

The two organizations are a reversal of the traditional understanding of the public agency and the private corporation. Through their leadership and actions, they take on what one would call 'business-like risks.' These risks include venturing into a new market area, trying to develop in a less-than attractive part of town, and putting up the first dollars before a developer or developers can

SUMMARY AND CONCLUSION

secure their own financing. According to some management advisors, the management of a private corporation does not take the kind of risks these two organizations would be taking. A twist in the development of public-private partnerships is thus created, as the authority becomes the not only the planner, but the initiator and risk-taker in urban revitalization.

Footnotes

Summary and Conclusions

⁵⁶ Cherly A. Farr, Shaping the Local Economy: Current Perspective on Economical Redevelopment, Washington DC: International City Management, 1984, p.3

⁵⁷Ibid., p.3

⁵⁸Ibid., p.4

⁵⁹Ibid., p.4

⁶⁰Ibid., p.4

⁶¹Ibid., p.5

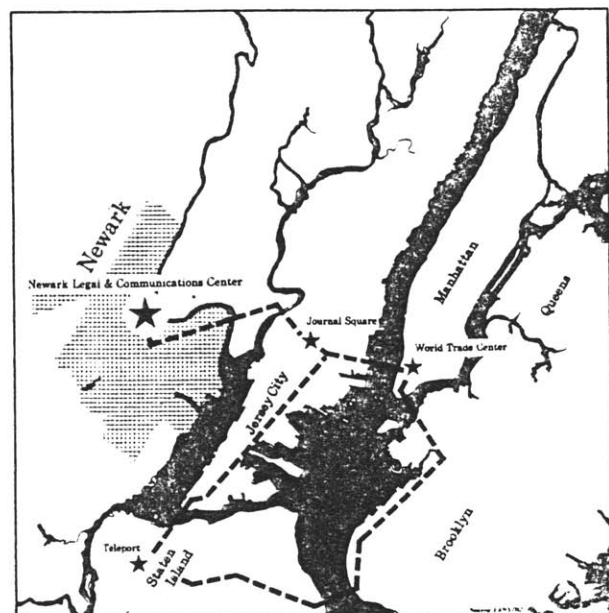
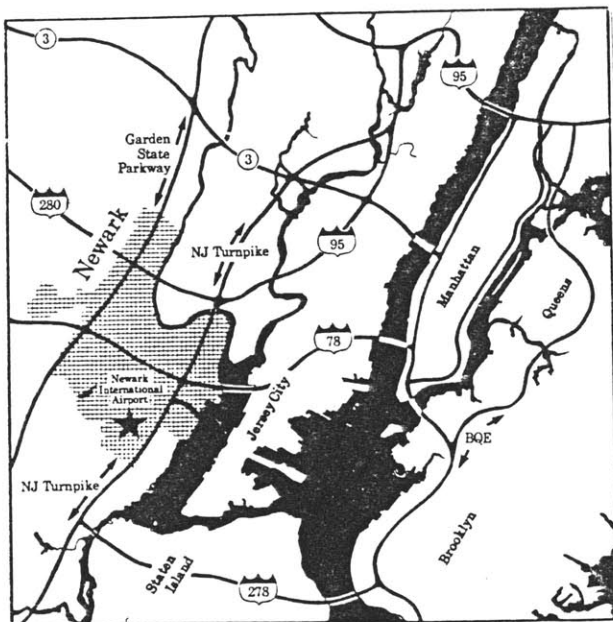
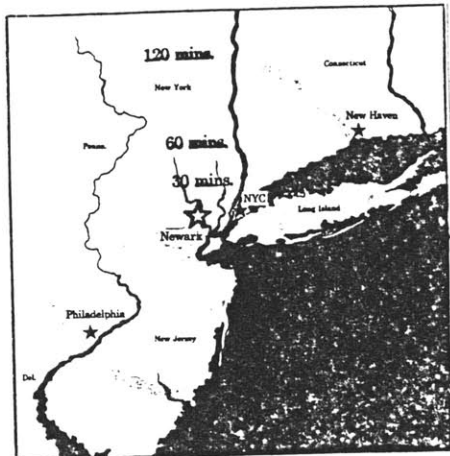
⁶²Brillant, Eleanore L., The Urban Development Corp. - Private Interests and Public Authority, Lexington: DC Heath Company, 1975, p.49

⁶³Ibid., p.49

⁶⁴Ibid., p.50

EXHIBIT 1

REGIONAL CONTEXT



It can never be stressed frequently enough that Newark is a communications and transportation hub of the largest population concentration in the United States, with more than 27 million people within a two hour drive of Newark's downtown. Newark is at the center of the entire northeast area, stretching from Washington DC to Boston, about a four hour drive from each.

Newark is richly interlaced by major highways, and is serviced by rapid transit (PATH and NJ Transit), a newly redeveloped international airport, and is located on the main line of AMTRAK's Northeast Corridor.

EXHIBIT TWO

THE RIVERFRONT SITE

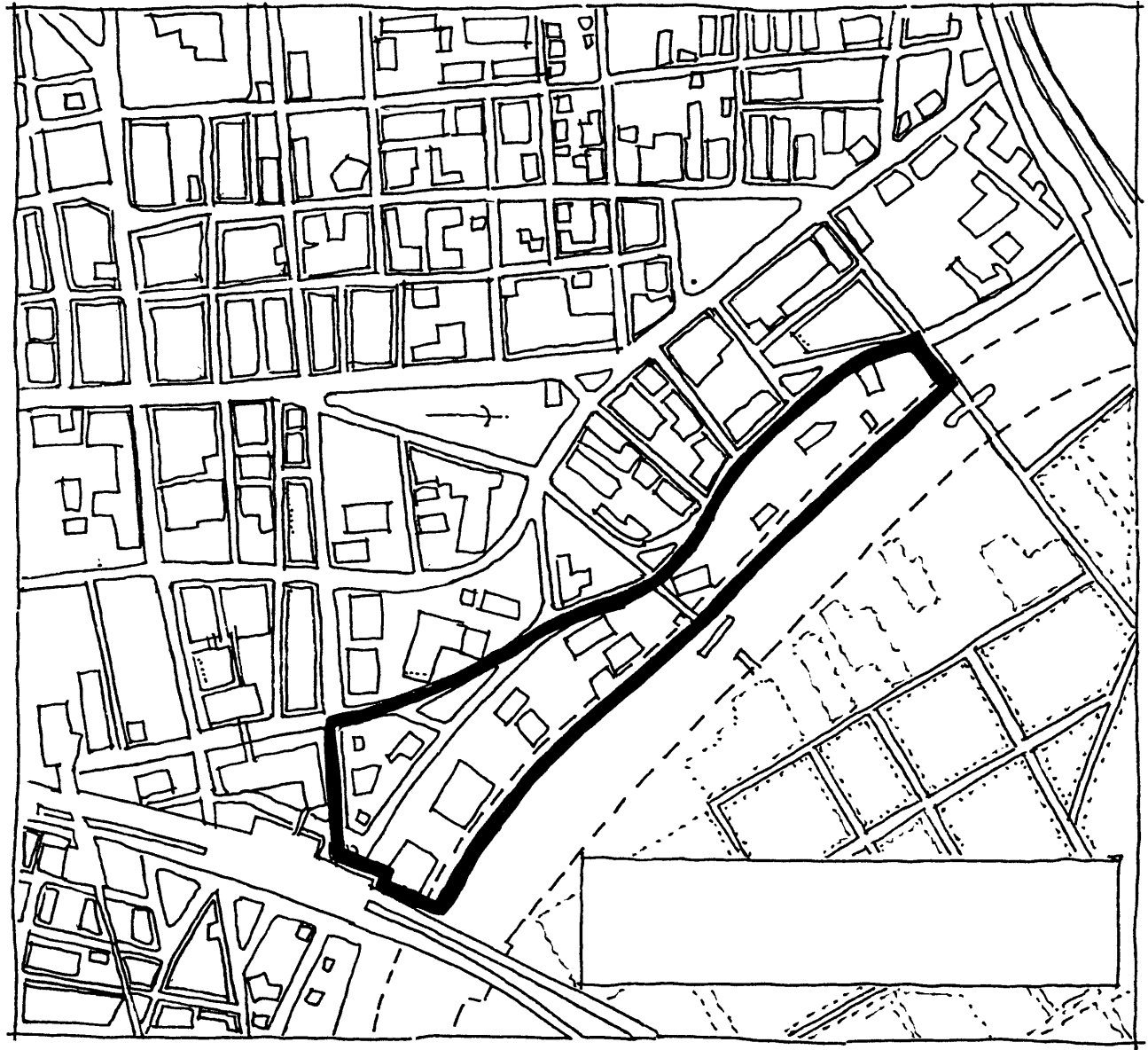


EXHIBIT THREE

PROCESS OF DEVELOPMENT

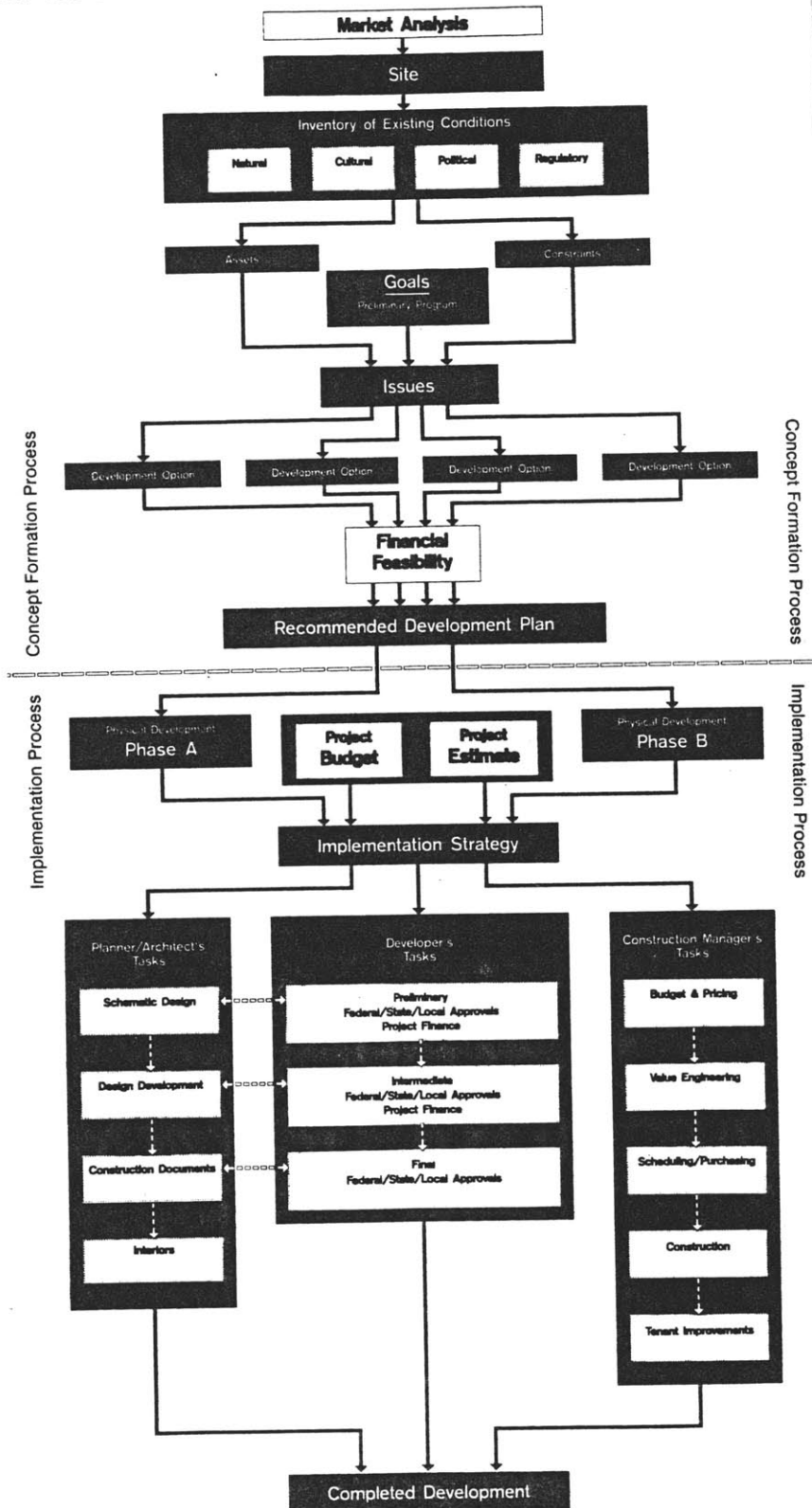
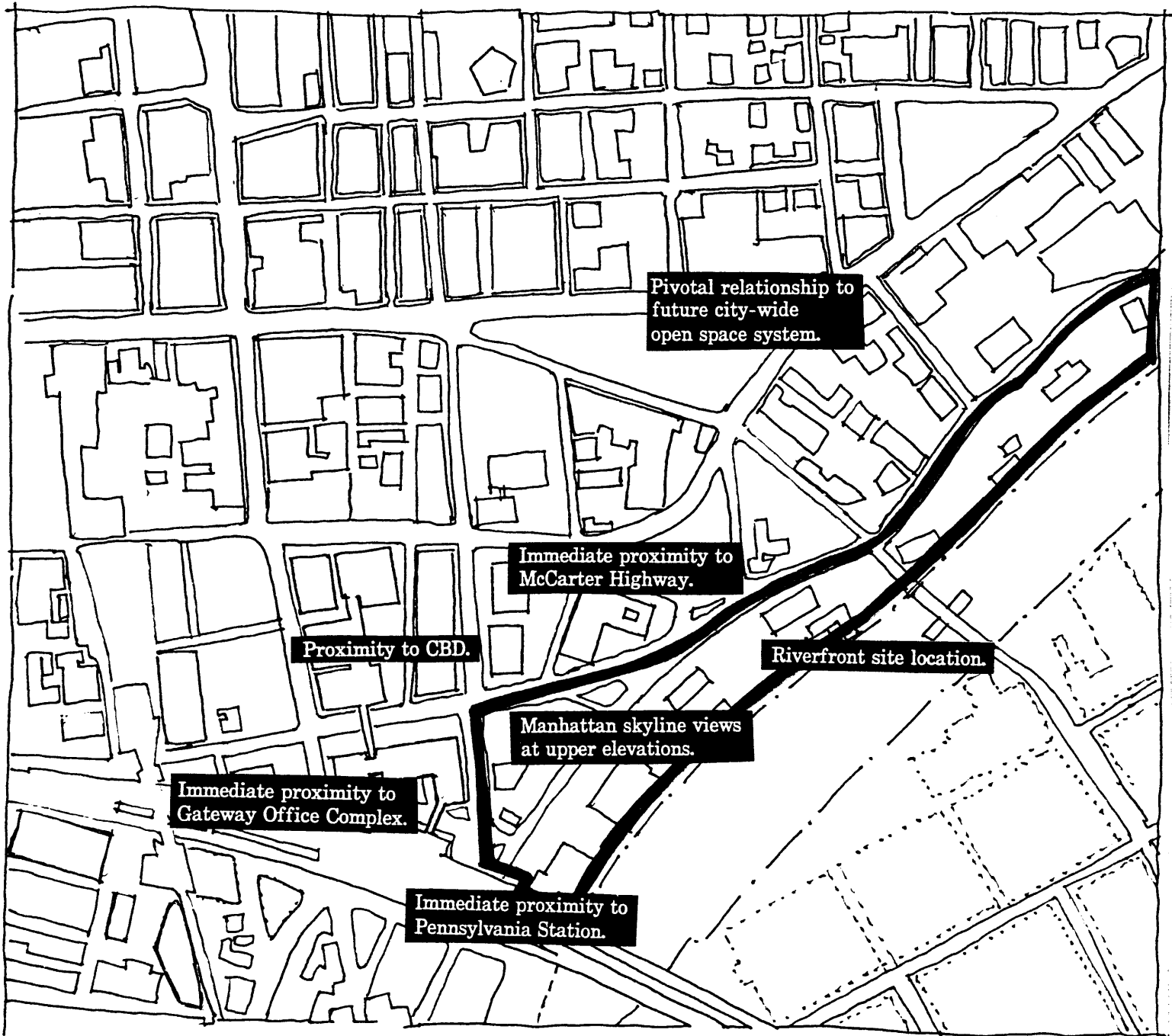


EXHIBIT FOUR

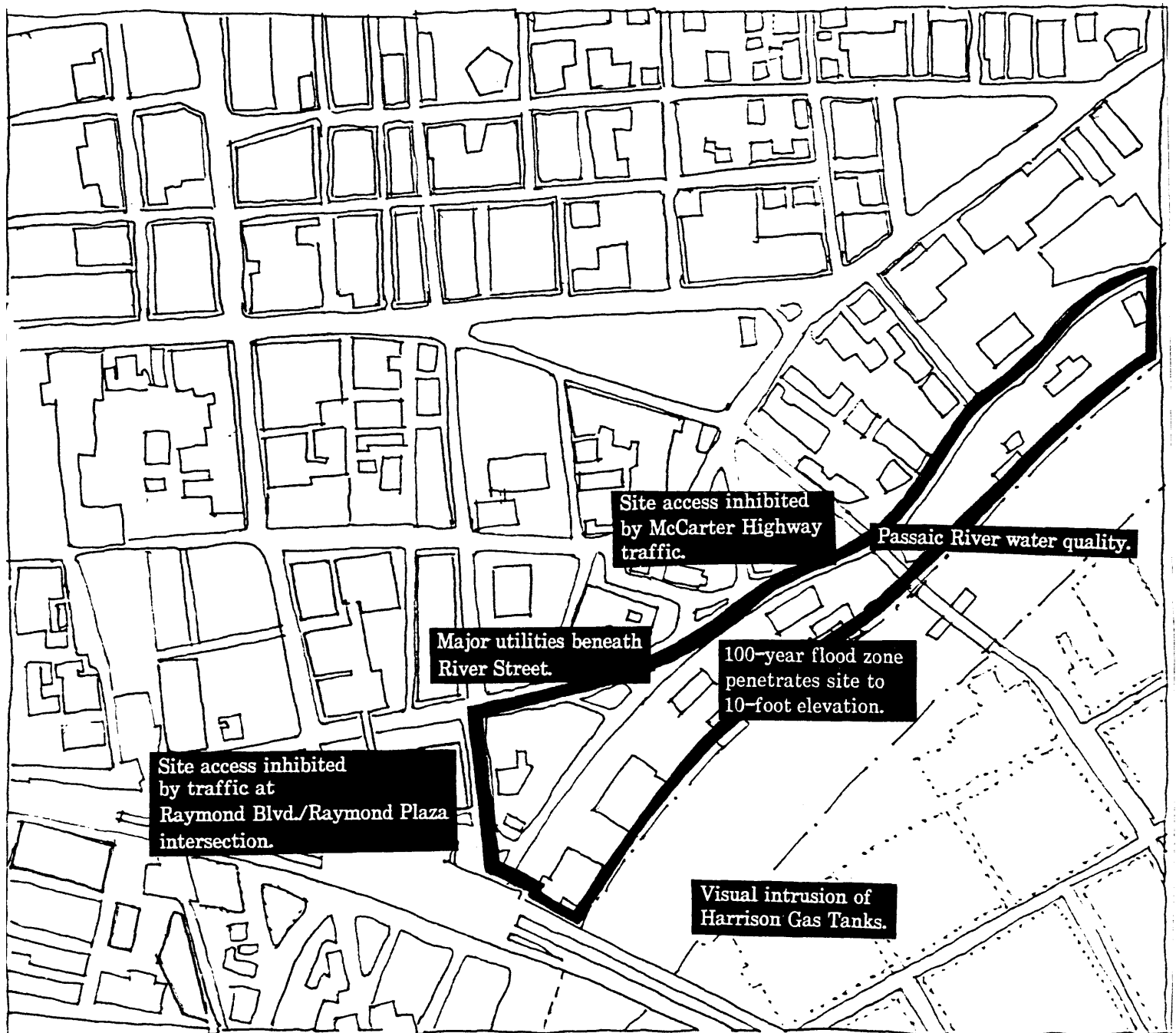
SITE ASSETS



Physical design can maximize the site's assets in a very direct manner. Links to Penn Station should be strengthened, the riverfront should be developed as a major public amenity, and buildings developed on the site should be oriented to take advantage of the Manhattan skyline views.

EXHIBIT FIVE

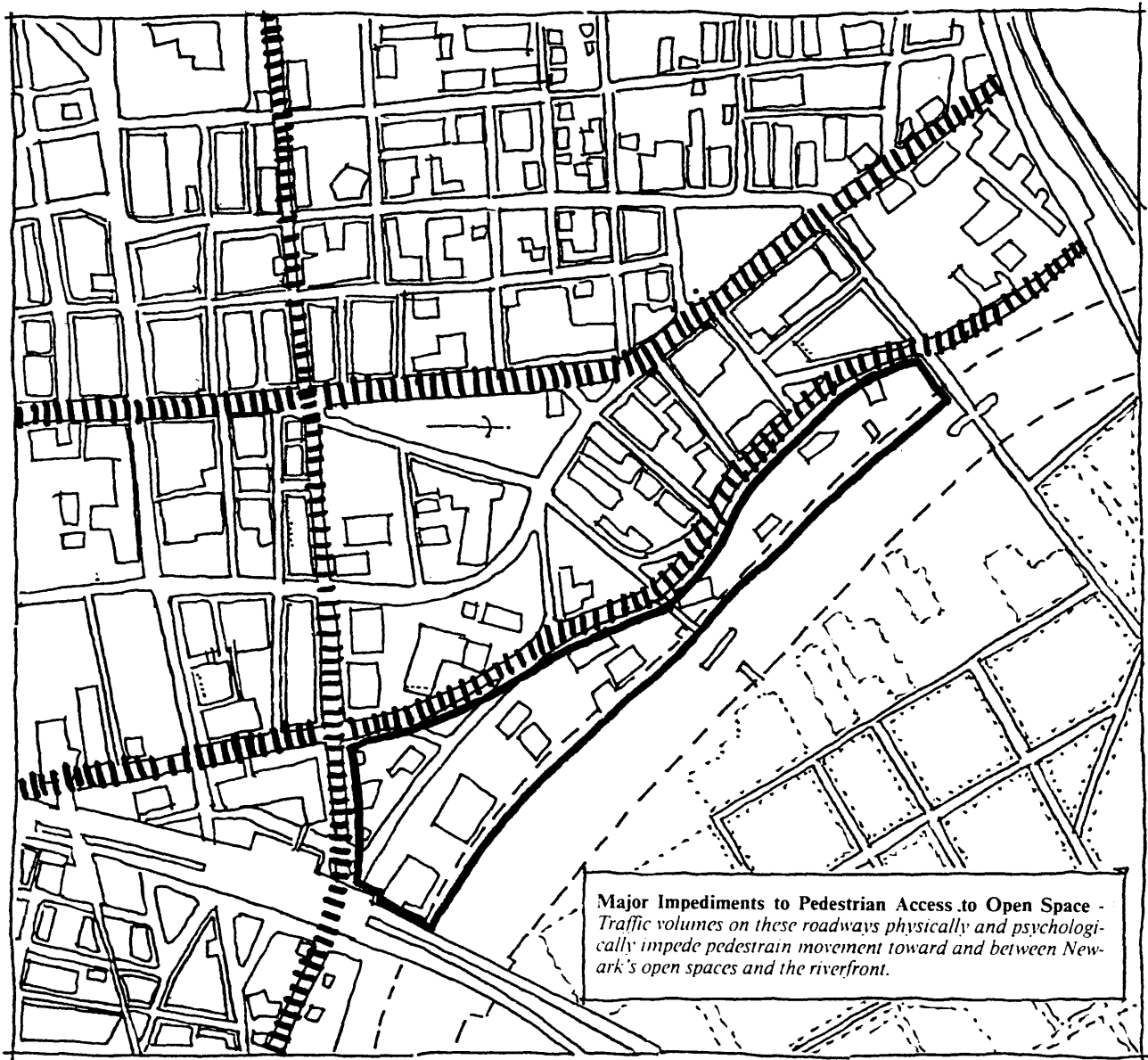
SITE CONSTRAINTS



The constraints are a check list of features to be mitigated in the process of developing the development plan, and generally fall into two groups: first, those constraints which can be mitigated by physical means, for example, relocating utilities or avoiding them during site development; and second, those constraints which can be mitigated by political means, for example, encouraging improvements of the water quality of the Passaic River, or deciding the ultimate fate of the gas storage tanks in Harrison.

EXHIBIT SIX

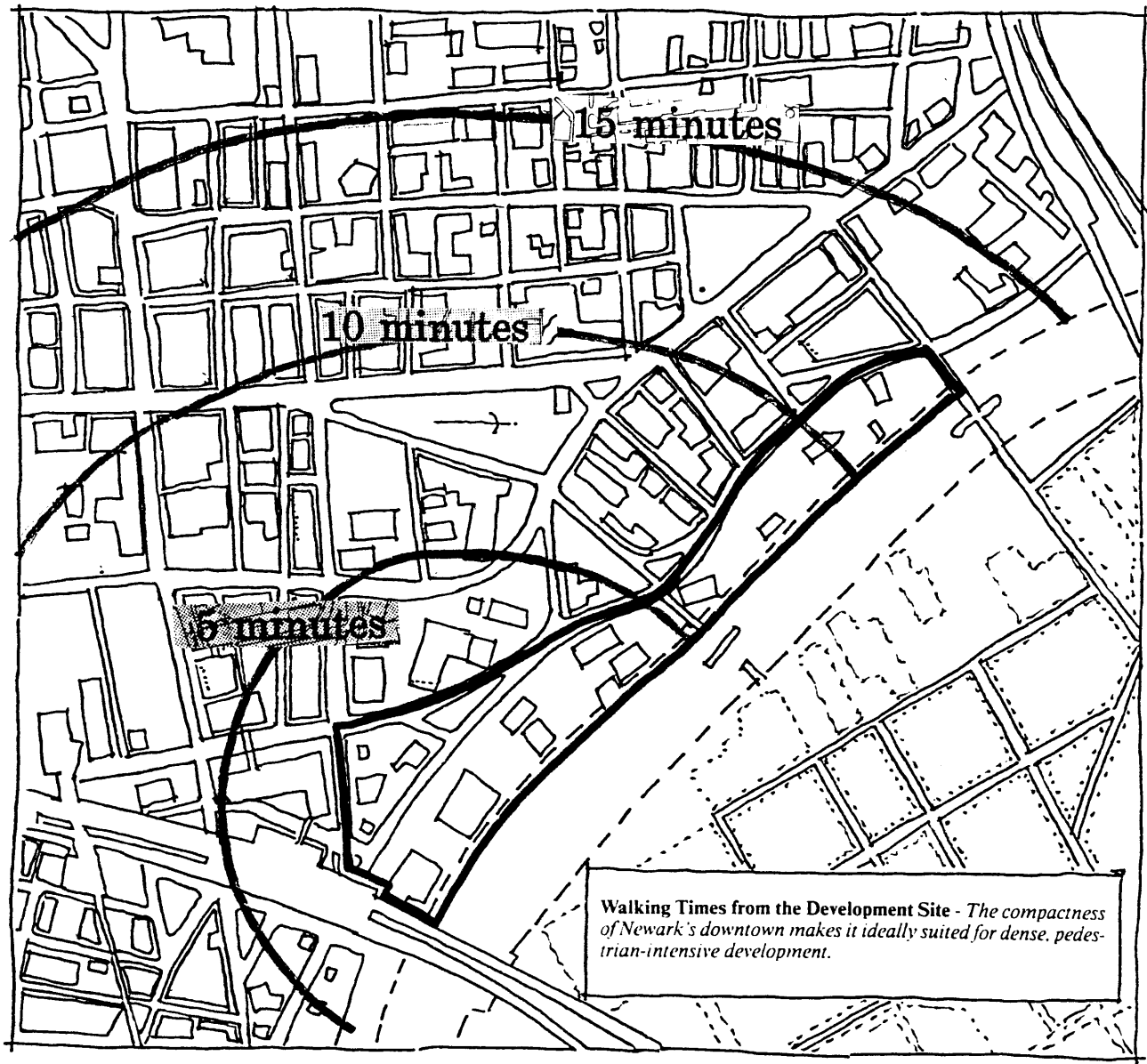
MAJOR IMPEDIMENTS TO PEDESTRIAN ACCESS TO THE RIVERFRONT



Owing to the volume of traffic carried on the three throughfares delineated - McCarter Highway, Raymond Blvd., and Broad Street - the pedestrian's physical and psychological access to the city's existing open spaces, as well as the Passaic River's edge, is hindered. In light of the site's position between the river's edge and these high-volume roads, physical development would have to respond to this separation, and facilitate pedestrian access to itself, and by extension, to the riverfront.

EXHIBIT SEVEN

WALKING TIMES FROM THE SITE



This particular exhibit shows the approximate times required to walk from the Penn Station to various parts of the downtown. It emphasizes that virtually all the downtown is accessible on foot during the average one hour lunch break, and reinforces the premise that physical development on the riverfront should have a strong pedestrian character as a component of its design.

EXHIBIT EIGHT

CITY WIDE OPEN SPACE SYSTEM - POTENTIAL LINKS

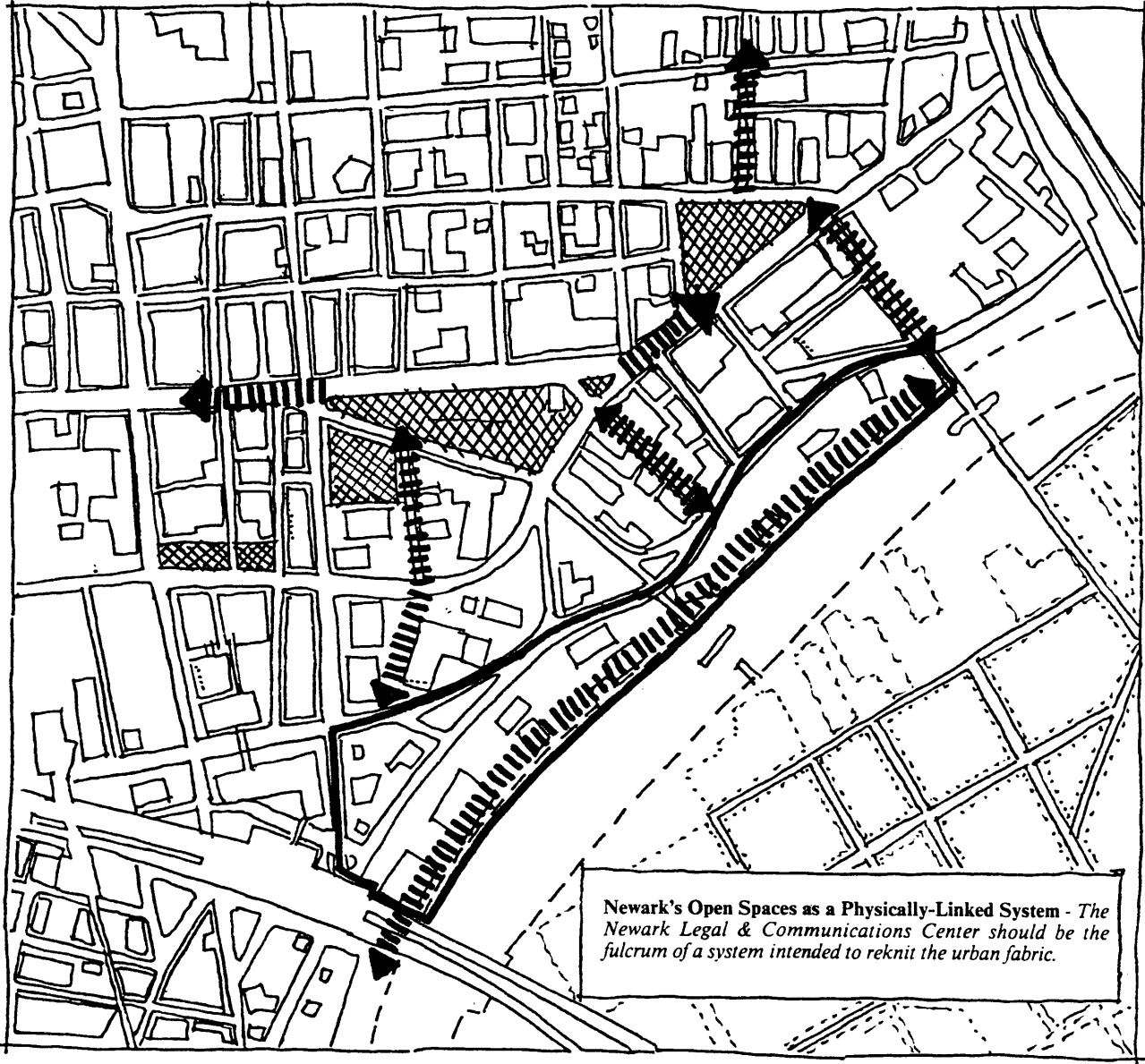
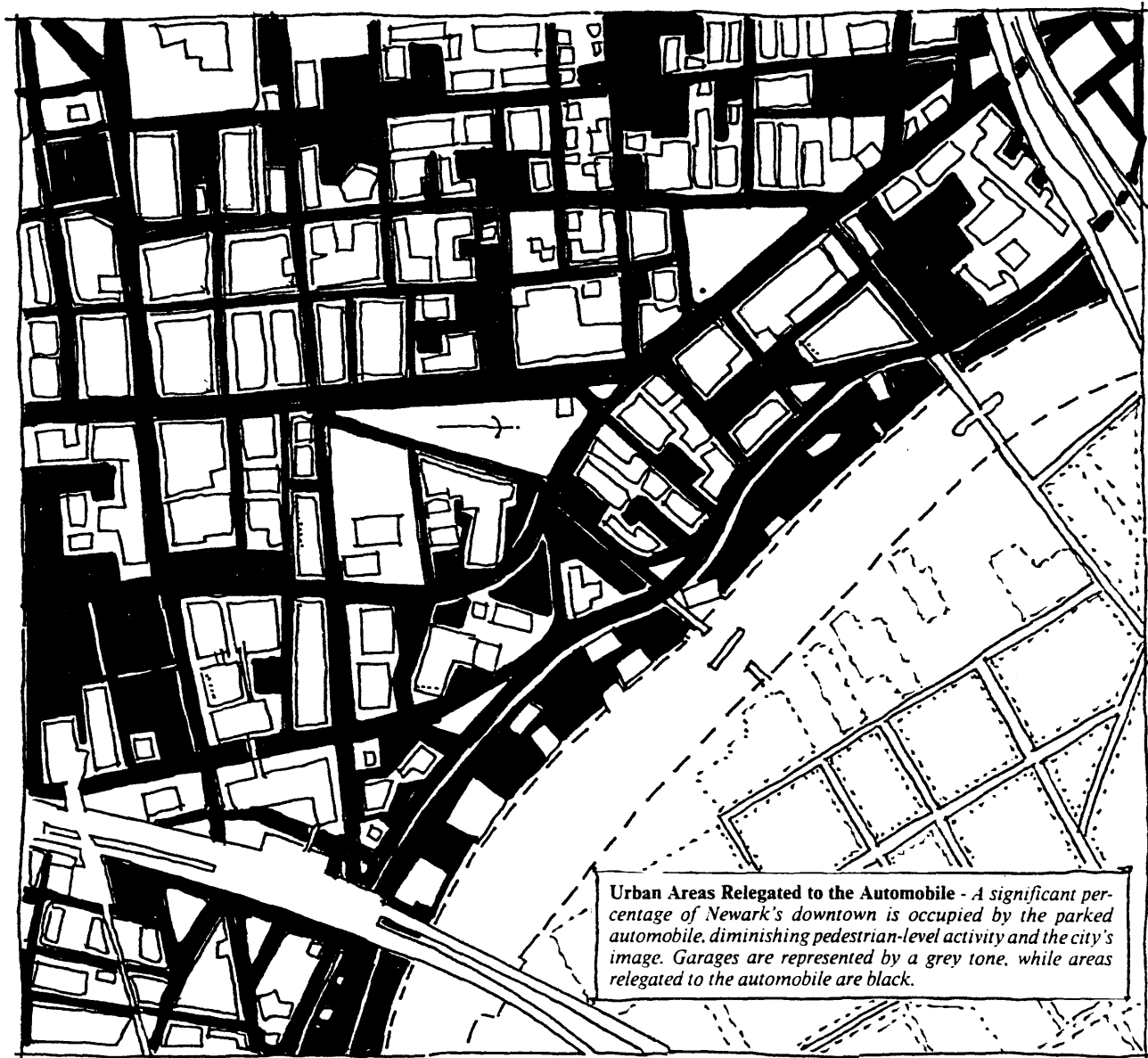


EXHIBIT NINE

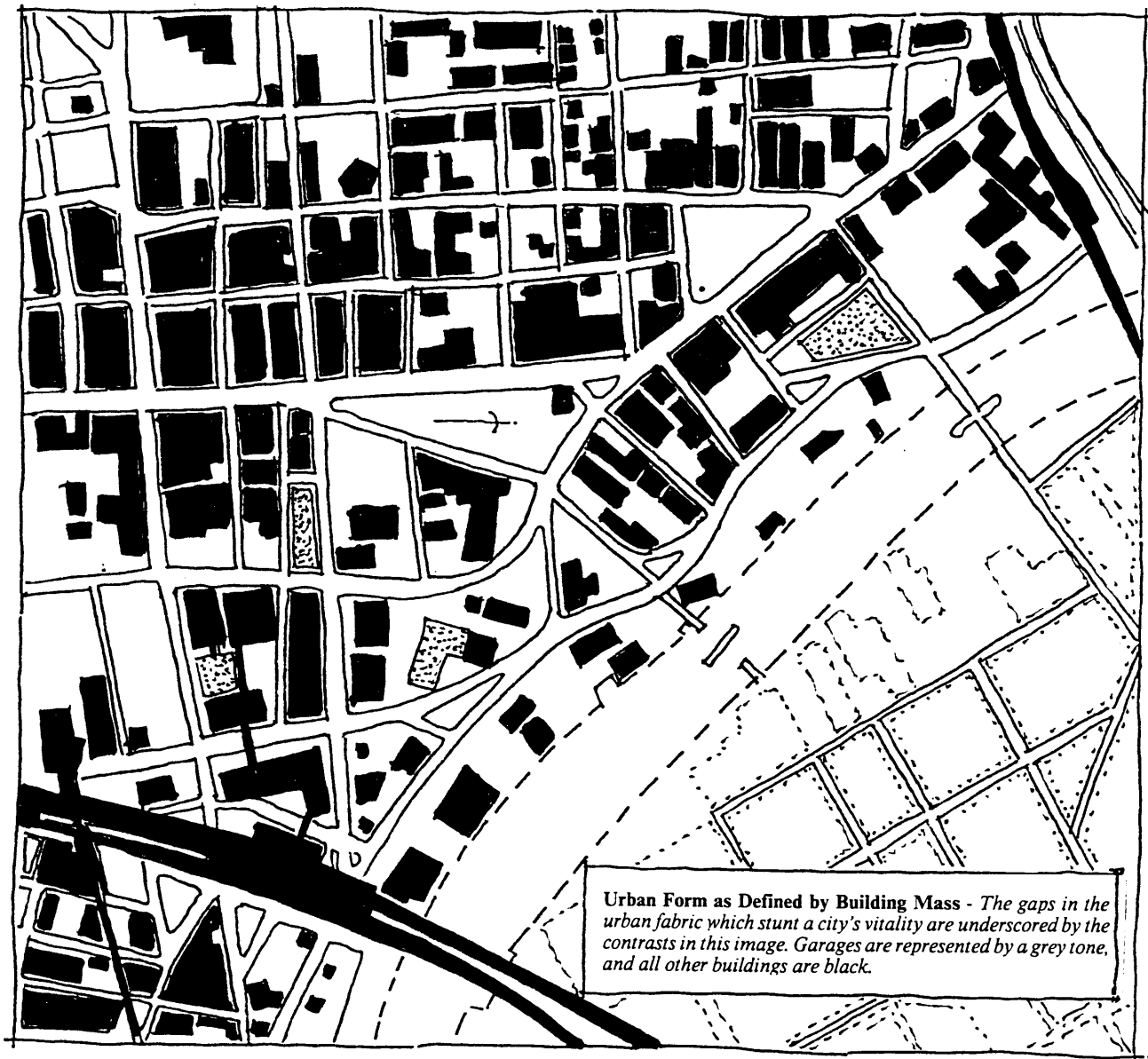
URBAN AREAS RELEGATED TO THE AUTOMOBILE



This map dramatizes another quality of the downtown's physical fabric that runs counter to urban vitality. A significant percentage of its surface is devoted to parking automobiles. Buildings exclusively dedicated to parking are assigned a grey tone. It would be a folly to banish the automobile from the city. The automobile has its place, but not at the expense of street level pedestrian activity. New buildings would have to artfully incorporate parking into their design to avoid perpetuating this problem.

EXHIBIT TEN

URBAN FORM AS DEFINED BY BUILDING MASS



Here, it may be seen clearly that, with the exception of the CBD's parks and plazas, there are many substantial gaps in the built fabric of the downtown. These gaps are most pronounced in the vicinity of the Passaic River's edge. The impact of such conditions work against urban vitality, and dramatizes the imperative that new physical development in Newark's downtown needs to be as dense and complex as conditions will allow to regain amenity, excitement, and "urbanism."

APPENDIX A

In APPENDIX A, the following is a listing of the various financial programs available for development, whether this is the development of new properties or the rehabilitation and renovation of existing structures in the city of Newark. Source: Newark Economic Development Corporation, "Investment in Newark: A Guide to the Financial Assistance Programs Available to Eligible Investors."

Tax Abatement

The state of New Jersey has made two tax abatement programs available to eligible parties as incentives to develop commercial and/or industrial projects in Newark. The program has been successful in assisting with tax relief and tax stability for developers.

The two programs are:

the FOX-LANCE law that was passed in 1961. This permits municipalities to grant tax abatement to industrial, commercial and residential developments in certain areas for up to 15 years. The abatement applies to projects undertaken in 'blighted' areas. Under the terms of the abatement program, a developer may pay a sum of 15% of the gross annual revenues derived from the site in lieu of full taxes. In the event total revenues can not be determined, the developer would pay an amount equal to 2% of the construction costs of the improvements, which includes the cost of fair market value of direct labor and all materials used in the project, plus architectural, engineering, legal, surveying, testing and contractor fees associated with the project. CHAPTER 12 was passed in 1977, to broaden geographic eligibility for tax abatement beyond areas designated as blighted. Under this act, Newark can provide tax relief in the form of either an exemption or a five-year abatement.

Loan Guarantee Program

The NJ Economic Development Authority is given the power to guarantee part of the repayment of a tax-exempt bond issue or a

conventional bank loan, if the guarantee is needed as added collateral by a firm seeking to maintain or expand employment in the state. Those projects located in areas where there is high unemployment and lower income levels will receive priority for the loans. The same goes for job-intensive and manufacturing projects. There is a limit of \$10,000 for these guaranteed loans.

Urban Development Action Grants

In an effort to stimulate private investment, the Urban Development Action Grant provides financial assistance to specific development efforts. The goal is to create permanent jobs and net new tax revenues in the city. This will be through a partnership of public and private concerns. The assistance generally comes in the form of low-interest, long-term loans which vary from \$110,000 to \$10 million.

UDAG funding lets a developer mix conventional lending monies with a low-interest loan, thus reducing the average interest rate for the entire project. The grant increases the possibility of obtaining conventional financing because the first secured position can be offered to a private institutional as collateral. Also, low-interest UDAGs increase the equity and improve the security interest for the lender, thus making the package more feasible and attractive. (It should be noted that Newark has been among the most successful cities in the US in securing UDAGs.

Industrial Revenue Bonds

Another way in which funds can be raised for specific commercial and industrial projects which will result in increased employment in the city and new tax revenues is the issuing of Industrial Revenue Bonds (IRB). The interest income earned on these IRBs is exempt from federal and state taxes. The low interest funds raised by the bond issue are loaned by the Authority to a business to pay the cost of an eligible project, such as:

1) construction of a new building; 2) purchase, renovation or expansion of an existing building; 3) improvement of land, roads, etc.; 4) purchase of machinery and equipment. The repayment agreement signed by the firm and the authority serve as security for the bond issue. The savings a firm can realize through the tax-exempt bond program are big and can be an incentive for a firm to build or expand facilities in the area.

Revolving Loan Program

The NEDC, in partnership with a group named Businesses in Newark, has developed a Revolving Loan Program (RLP) to help borrowers with subordinating financing at low interest rates. Using loan repayments to finance other development projects, the RLPs are used to fill in the holes in the financial packages available to developers or businesses. The RPL funds can be used to finance the redevelopment and rehabilitation of buildings for industrial, office or commercial purposes, as well as for new construction. Site costs, building and construction costs, machinery and equipment costs are all eligible for funding.

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