

# Novogradac Journal of Tax Credits

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## Mixed-Use Project Brings Residents, Builds Community

By Jennifer Dockery, Associate Editor, Novogradac & Company LLP

To Mark Berson, chairman of Fidelco Realty Group, RockPlaza Lofts will create a vibrant 24/7 community out of Newark, N.J.'s underutilized Four Corners historic district. Critics of the mixed-use project, however, often question him about the revitalization project's ability to draw people on days when the adjacent Prudential Center isn't hosting a concert or New Jersey Devils hockey game. Berson refutes critics by recounting a trip to Dinosaur Bar-B-Que, RockPlaza's flagship restaurant. On that Sunday during the National Hockey League lockout, families from the suburbs and Jersey City, as well as loft dwellers and workers from neighborhood businesses, filled the restaurant.

"There was a 20-minute wait on a Sunday night without a game. Dinosaur [Bar-B-Que] was a draw and it had nothing to do with game night whatsoever," Berson said. "You put the right combination at the right place and look what happens."

For Fidelco and Hanini, the right combination is a mix of retail, residential and office spaces in seven buildings, most of which date to the turn-of-the-century, at Newark's Broad and Market Streets, an intersection at the heart of the 26-block Four Corners historic district. The multiphase mixed-use Market Street and RockPlaza Lofts project features 34,000 square feet of retail space and more than 80 loft apartments.

"These activities are consistent with that drive to bring Newark back to its glorious past. To celebrate that, to preserve it seemed intriguing," Berson said. He expects the project to cater to the city's 280,000 residents, as well as those who commute to the city for work.

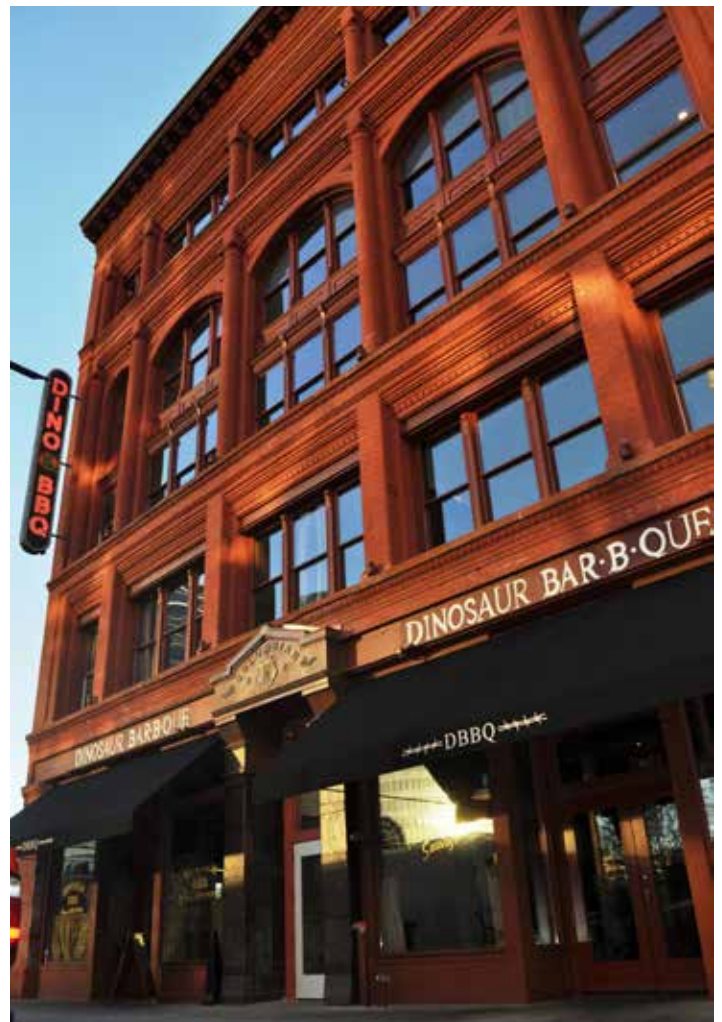


Photo: Courtesy of Fidelco Realty Group

The Columbian features a Dinosaur Bar-B-Que and 22 of the apartments.

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Photo: Courtesy of Fidelco Realty Group

**Fidelco Realty Group and Hanini Group have renovated historic buildings in Newark, N.J.'s Four Corners neighborhood**

Fidelco and Hanini worked with Citi Community Capital, Greenline Ventures LLC and the state to fund the development. Citi and Greenline provided \$22 million in new markets tax credit (NMTC) authority to the project, in which Citi invested \$6.4 million. Citi also provided a \$15.5 million loan to the project. The New Jersey Economic Development Authority provided a \$5.4 million Economic Redevelopment and Growth grant. The developers also received \$5 million in historic tax credits (HTCs), which they plan to use to offset their tax liability.

"It's such a hub for transportation and commerce. We really did see the gem here," said Gina Nisbeth, director of Citi's municipal securities division. "We were motivated to get in to help with the revitalization of Newark," Nisbeth said. She added that Citi liked that the mixed-use project would increase foot traffic, revenue and jobs in the area. The project is expected to create 140 jobs.

Nisbeth said that funding the project was a challenge for the developer particularly because it came together at a time when most community development entities (CDEs) had already committed their allocation to other projects. Citi and Greenline have worked together in the past and we both agreed to combine allocation to help this high-impact project become a reality.

The project fit with Greenline's mission to invest in what Randy Kahn, Greenline's executive vice president, calls "shadow cities" or medium-sized cities located within larger cities' metropolitan areas. Greenline has made investing in these cities a priority. RockPlaza is helping to extend development from the Prudential Center.

### Creating a Community

All of the buildings will feature rental apartments, convenience

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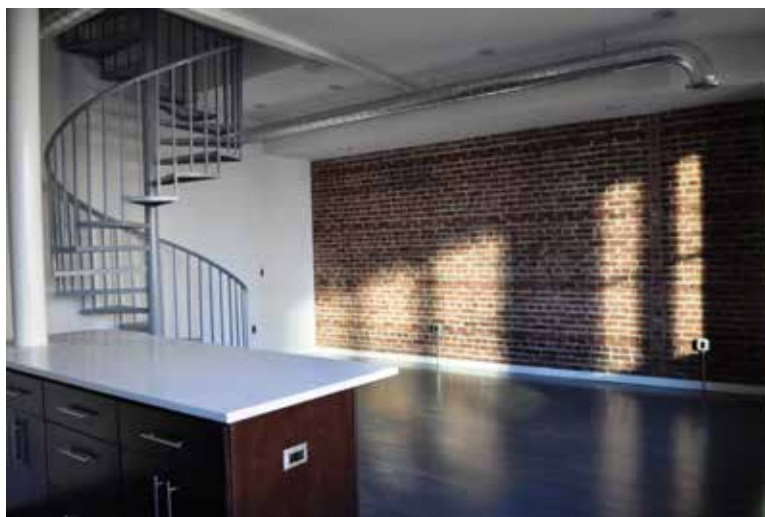


Photo: Courtesy of Fidelco Realty Group

Units in RockPlaza Lofts feature exposed brick walls and other historic elements.

and specialty retail, office space, art galleries and restaurants. The development will include a police substation and offices for the Newark Development District, a City of Newark police department-affiliated nonprofit dedicated to enhancing safety in downtown Newark.

RockPlaza Lofts is bringing some of the first dwellings to the Four Corners neighborhood, which has been a business district since 1666. Eighty units will be considered workforce housing, with at least 16 units affordable to families earning at or below 80 percent of the area median income. Hanini and Fidelco felt that the area's access to public transportation, including Newark Penn Station, and proximity to several colleges and business centers made it a good fit for residential development.

"There's no question that proximity to public transportation was important," Berson said.

### Reviving a Neighborhood

At press time, two buildings were open and one was partially open; the rest were in various stages of redevelopment.

The Bowers building, the first building renovated, opened in 2011. Built in 1890 as a commercial building, The Bowers is a three-story dark-brick building that featured wood-framed ground floor storefronts with classic, medieval and Eastern-inspired motifs. The building was severely altered between 1916 and 1924. Fidelco and Hanini restored the building to its 1924 appearance. They restored its terra cotta façade and a historic rooftop billboard.

The developers updated the interior, converting it into 3,500 feet of ground floor retail and eight market-rate loft apartments. The Bowers includes studio, one bedroom and two bedroom units

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with stainless steel appliances, dishwashers, central air, 24-hour in-unit key access and maintenance, granite counter tops, rooftop decks, hardwood floors, walk-in closets and on-site laundry facilities. The apartments' interiors also feature a variety of unique amenities, such as exposed brick walls and skylights. At press time, the residential units were leased and Rita's Italian Ice had committed to a portion of the retail space.

The Columbian Block was completed in 2012. The property features windowed elevator lobbies that overlook Newark's Central Business District. The Columbian includes a turn of the century building and an addition. The 1890 building held a restaurant and a store was added in 1909. The building, which is of a larger scale than the surrounding buildings, features a molded brick façade that the developers were able to restore/preserve. They chemically matched the exterior colors, cleaned the copper entryway and restored the mosaic tile floors.

The Columbian features 22 loft apartments and retail space on the ground floor. Dinosaur Bar-B-Que is located in this building and includes materials that were reclaimed from other parts of the building, such as a 50-foot bar made of reclaimed wood joist, a reassembled tin ceiling and the face of a coal-burning furnace. The apartments are a mix of studio and one- and two-bedroom units. The apartments have amenities similar to those of The Bowers and include in-unit laundry machines.

A retailer, FASTSIGNS, has already moved into The Madison, but its residential units were still under construction at press time. Like The Bowers and The Columbian, The Madison's studio, one-bedroom and two-bedroom units will feature central air, stainless steel appliances and historic elements. The six-story building, which is at 216 and 218 Market Street, was constructed in 1890. By 1930, the upper floors of 216 had been converted into lofts. The building at 218 once housed a cocktail lounge and restaurant. The Madison features a pressed metal cornice and a lion's head motif.

"There's a character worthy of preservation and preserving history can be extremely positive for development," Berson said.

Fidelco and Hanini will complete the remaining buildings in the next few years.

"The best part about it is having a catalytic effect ... It's that additional attraction of potential interest in the neighborhood and moving it forward. It starts spreading the development out from the Prudential Center," Kahn said.

Nisbeth agreed. "[It's] the nature of Newark, there's a history and bright future there. I'm pretty proud of Citi's foresight to look to a community where the return on the investment may be down the road for all of us," Nisbeth said. ♦

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