

2 condo projects coming to Orange

Council approves tax abatements

BY KEVIN C. DILWORTH
STAR-LEDGER STAFF

Two major condominium housing proposals — \$110 million worth of long sought-after private investment expected to bolster Orange's stagnant tax base — are going to become realities.

Following months of heated debates, a majority of the Orange City Council has approved two 20-year tax abatement agreements to guarantee the redevelopment of the separate and long-closed Hospital Center at Orange off South Essex and Central avenues and the long-closed F. Berg Co. hat factory site in the city's Valley section.

The deals, commonly called payment in lieu of taxes or "pilots," are needed to help lure prospective condo buyers, to broaden Orange's property tax base, and to spread the overall tax burden to 404 additional property owners, according to supporters.

"This greatly enhances the city's ability to attract further investment," Thomas Banker, an Orange municipal consultant, said yesterday. "What we are doing here is priming the pump to get the economic redevelopment engine started."

Banker said the two deals hopefully will act as catalysts for other private investments in Orange.

"In almost every analysis, residential development has to lead, and the retail development will follow," said Banker, referring to other investors and developers waiting to see if these two projects launch.

Councilmen Donald Page and Edward Marable rejected the separate deals, with Marable arguing that the measures had some 30 amendments and changes that warranted writing a new ordinance and holding another public hearing.

Patrick Morrissy, a principal with a 29-unit condominium development planned in the old Berg hat factory, said the deal will allow a vision that has been percolating for five years to become a reality.

"This action paves the way for attracting (additional) private sector investment into the future of Orange," said Morrissy, executive director of the non-profit Housing and Neighborhood Development Services (HANDS), a co-developer of the Berg factory site.

By a 5-2 vote, one tax abatement agreement paves the way for Metrovest Equities of New York City/Essex Orange Urban Renewal Co. LLC, to create the Avenue at Orange, the \$100 million construction of mid-rise buildings, on the former hospital center complex site.

Some 375 new one- and two-bedroom luxury condos, as well as 19,000 square feet of retail space and a 12,000-square-foot community center with a pool and gym, are planned on the site where 11 hospital buildings now sit.

Those structures — including ones on Henry Street, on South Essex Avenue and on Central Avenue — will be demolished by March.

The one-bedroom condos, averaging 900 square feet, will sell for \$247,000, and the two-bedroom condos, averaging 1,200 square feet, will sell for about \$330,000.

Under the payment in lieu of taxes deal, future condo buyers would pay about \$300 a month to the city, as opposed to \$800 they might otherwise pay in regular taxes. That kind of tax break represents the needed economic lure to create a first-time condominium market in the city, officials have said.

Right now, Metrovest, which purchased the former tax exempt hospital site, is paying Orange \$183,000 in annual taxes for the parcel.

Under the tax break deal, once the luxury condo units are

DEAL

CONTINUED FROM PAGE 19

2 condo projects coming to Orange

completed and occupied, Orange's coffers will start receiving — collectively from the 375 future condo owners — a \$1.3 million infusion of payment in lieu of taxes in each of the first five years; then \$1.5 million in years six through 10; \$2.2 million in years 11-14; \$3 million in years 15-18; \$3.6 million in year 19; and \$4.1 million in the 20th year.

A separate 5-2 vote to approve a tax abatement agreement for Berg Development Urban Renewal As-

sociates — a collaborative effort of the Alpert Group of Fort Lee, Applied Development of Hoboken and HANDS — means the vacant factory will be transformed into 29 condominium residences, artist studios and artist-related retail spaces on the ground level.

That \$10 million transformation will take place over the next two years.

The Berg hat factory payment in lieu of taxes deal calls for Orange to get \$114,317 in years one through six; \$165,655 in years seven through 12; \$230,448 in years 13 to 18; \$311,677 in year 19; and \$356,202 in year 20.

The current housing and credit market is not doing well, "but this project can work, with these incentives," Elnardo Webster, an attor-

ney for the Metrovest real estate investment firm, told the Orange council.

No other developers are waiting in the wings to invest money in that vacant hospital property, and Orange should follow the lead of other New Jersey urban centers — such as East Orange, West Orange, Jersey City, Newark and Hoboken — and offer an investment incentive to interested developers.

"This now gives Orange a chance to compete with other New Jersey municipalities that are using redevelopment as a tool to revitalize urban areas," Marty Mayes, Orange's director of planning and development said.

Kevin C. Dilworth may be reached at kdilworth@starledger.com or (973) 392-4143.