
BOROUGH OF EMERSON
INTEROFFICE MEMORANDUM

TO: HONORABLE MAYOR AND COUNCIL
FROM: ROBERT S. HOFFMANN, BOROUGH ADMINISTRATOR
SUBJECT: CENTRAL BUSINESS DISTRICT REVEDEVELOPMENT
RECOMMENDATIONS
DATE: AUGUST 30, 2015
CC: JANE DIETSCH, BOROUGH CLERK
BRIGETTE BOGART, BOROUGH PLANNER
WENDY RUBINSTEIN, BOROUGH ATTORNEY

Summary

The Borough issued a Request For Proposals (RFP) for the Central Business District Redevelopment Project on June 24, 2015. Proposals were due back to the Borough by July 30, 2015. Five (5) developers requested the RFP. One (1) developer, Hornrock Properties LLC, submitted a proposal. This was the third time that the Borough has issued an RFP for redevelopment of the Central Business District (CBD) since 2002. None of the proposals received have been financially viable or conformed to the Borough's zoning code.

Conclusions

Borough representatives including the Planner and I met with the Principals of Hornock Properties LLC on Tuesday, August 11th and Thursday, August 20th to review their proposal and compare it to the RFP. Hornrock proposed a mixed use building with first floor retail space and seventy two (72) residential units on three (3) floors. This would mean a structure of four (4) stories totaling at least 44 feet but probably higher. It should be noted that the permissible variance allowance limit is 44 feet. The Hornrock proposal did not have a 20% set aside for affordable housing units. The developer was not aware of the 2002 court ordered overlay ordinance for development. This ordinance states that any residential development of five (5) or more units must include at least 20% affordable units. The 72 residential units proposed by Hornrock would require that fourteen (14) affordable housing units be constructed. This would reduce the number of market rate units from 72 to 58. The Hornrock principals informed the Borough at the August 20th meeting that the project did not make economic sense at 58 market rate units. This was due to their higher than anticipated land acquisition costs as well as the construction costs for 72 units which would have to be spread out over 58 units.

It should be noted that the Principals for Hornrock Properties were candid, sincere and want to work with the Borough. They made suggestions that will prove beneficial to the Borough in the next phase of its redevelopment effort.

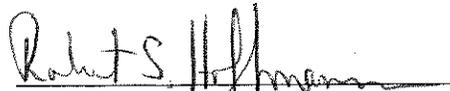
The Borough was contacted by two (2) developers who learned of the RFP after the July 30th deadline and are interested in submitting proposals if a revised RFP is issued.

Recommendations

- Reject the proposal from Hornrock Properties LLC and authorize the Borough Planner to revise the RFP with recommendations received from two developers as well as the Borough's professionals and then go out to bid with a revised and improved RFP.
- Increase the number of parcels in the revised RFP. The RFP dated June 24, 2015 consisted of five (5) parcels on approximately 1.25 acres. This is a constrained construction site. Lots 1, 2, 3 and 7 should be added. It should be noted that Lot 7 is owned by the Borough and includes the current Ambulance Corps building. Thought should also be given to including as an alternate bid item in the revised RFP 129 Kinderkamack Road as well as 182 – 184 Kinderkamack Road.
- Outline the 20% Affordable Housing Requirement in the revised RFP and provide options such as but not limited to:
 1. Build the units on site
 2. Purchase another site and build the units on that site
 3. Make a contribution to the Borough's Affordable Housing Trust Fund
 4. The Borough designates a site for future affordable housing development
 5. The Borough purchases a site for affordable housing development and then contracts with the designated Central Business District developer to construct affordable housing units on that site.
- Ask at least three (3) of the potential developers to review a draft of the revised RFP. The purpose of this action is to make sure that the Borough has not inadvertently left a critical piece of information out which would cause all of the proposals to be once again rejected.

The goal of the Borough's effort is to create a Central Business District that will be viable for 50 to 75 years into the future. It is a way to make the center of Emerson a destination. The improved CBD will increase the Borough's ratable base which will stabilize residential property taxes. It will also provide new housing options to our residents who want to stay in Emerson after they age out or downsize from their single family homes. If nothing is done to improve the CDB that means that the Borough will not be able to increase its ratable base. It is the equivalent of increasing taxes on the rest of the Borough.

Please do not hesitate to contact me with any questions that you may have.


Robert S. Hoffmann