Redevelopment Initiatives Spurring Economic Stimulus and Growth: How One New Jersey Community Was Reborn

A Case Study of the Borough of Carteret Middlesex County, New Jersey

Prepared by
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EXECUTIVE SUMMARY

A. Summary of Efforts

Over the last decade, Carteret has initiated or been the beneficiary of the following:

- Creation of 3,400 permanent and 2,800 temporary jobs from new development, as well as approximately 2,400 jobs from the relocation of major local employers;
- Stabilization of its population at 23,776 in 2009 and its median annual family income at $60,000;
- Creation of over 3 million square feet of commercial space worth $250 million as new construction, raising the underlying land value to $48.9 million. Further, a minimum of $35 million of additional development is committed to commence in 2010;
- Generation of $4 million in net proceeds through land sales for new development;
- Construction of a $1.25 million Department of Public Works facility at no cost to the taxpayer;
- Construction of 152 single family houses valued at $45 million, a growth rate 67 percent greater then the previous decade;
- Construction of 816 market rate multifamily units worth $126 million, raising the underlying land value to $18.3 million;
- Creation or renovation of over 235 affordable housing units (including 36 units for senior citizens, 4 units for veterans, and 37 units for disabled residents) using over $3 million in RCA funding as incentives, with another $1.3 million in reserves. This represents 22.6 percent of all apartment units created over that past ten years (816+238, or 1,054);
- Transition of the industrial land mix from "smokestack" manufacturing and trucking to food processing, technology based logistics and bulk back-up data storage for communications and finance industries;
- Initiation of redevelopment plans for most remaining developable, underutilized parcels;

- Attraction of new development with no net deficit incurred utilizing government incentives designed to help municipalities successfully attract development;
- Collaboration with the NJ Turnpike Authority to reconstruct and expand Interchange Exit 12 with $150 million in State and Federal funding;
- Collaboration with neighboring Woodbridge to complete Peter J. Sica Industrial Highway using $15 million in private developer funding and $4.2 million in Federal and State funding;
- Construction of the proposed Tremley Point Access Road will complete the linkage of industrial sites in Carteret and Linden to the New Jersey Turnpike;
- Rebuilding of public infrastructure, including the Borough's antiquated sewer system, utilizing $10 million in grants and private developer contributions;
- Renovation of 49,625 linear feet of local roadways utilizing $3.5 million in funding from the NJDOT Highway Trust Fund;
- Continuation of planning and design of a proposed ferry service between Carteret and Manhattan utilizing $2.8 million in Federal and State transportation funding;
- Renovation and expansion of Borough parks utilizing $52.7 million in State and County grants, leveraging a municipal funding contribution of $2.7 million;
- Construction of a $14.5 million health and wellness center using grants and private developer funding;
- Elevation of property values in Carteret by 65.3 percent between 2004 and 2009 as compared to a 44.2 percent increase for Middlesex County as a whole;
- Lowered tax burden from 3rd highest in Middlesex in 2004 to 13th in 2009.

The total positive fiscal impact from economic development over the past decade is estimated to be $610,000,000 or greater. With the completion of the Waterfront Redevelopment Area ($1 billion), the Kinder Morgan facility ($60 million), and several

new industrial projects along Roosevelt and Middlesex Avenues ($90 million), investment in Carteret is estimated to exceed $1.5 billion.

B. Project Background

Carteret has undergone an economic and social transformation, shifting from heavy "smokestack" industry to land uses reflective of a 21st century economy, while embracing the immigration of contemporary ethnic groups into the municipality. From 2000 to today, using a variety of resources, such as grants and PILOT funded bonds, substantial amounts of fallow "brownfield" commercial land has been redeployed into contemporary industrial, commercial and residential uses. The primary benefits Carteret offers residents, corporations, and investors are its proximity to major transportation infrastructure, central location between the major markets of New York City and Philadelphia, and position relative to secondary local population centers such as Newark, Elizabeth, Edison, Woodbridge and Trenton.

To better understand these changes, Carteret retained Beacon Planning and Consulting, LLC, and Donald Moliver, Ph.D., to evaluate the resources utilized to foster these recent successes. The goal of this analysis is to provide Carteret officials with a quantitative basis for decisions on the future of redevelopment as a catalyst for optimum economic and social return to the community.

C. Basic Principles

Carteret's continuing approach to formulating a redevelopment strategy embraces the following principles:

- Carteret is not now, nor would it become in the future, a land developer for its own account. Instead it facilitates qualified public and private entities in completing socially appropriate and economically sound uses for individual sites by embracing a facilitated approval process;

- Carteret actively seeks opportunities to partner with neighboring municipalities (Linden, Rahway, Woodbridge), Middlesex County and State agencies to obtain funding that enables necessary road and utility upgrades, which in turn supports land development in the Borough;

- Carteret leverages redevelopment potential with a minimal risk to future tax revenues while supporting the efforts of responsible parties to address environmental issues on targeted sites;

- Any future reuse of fallow land ensures that Carteret maintains its good will with both the residential and business communities.

D. Carteret's Objectives

During the last decade, Carteret's government has been committed to stimulating job growth and creating economic development in the Borough. This embraces the State of New Jersey's recent commitment to becoming more business minded as it competes against neighboring states and regions to attract and retain jobs while preserving a favorable quality of life. In addition, Carteret is committed to repositioning all vacant and underutilized sites to productive use. It utilizes strategic planning to optimize each identified site. Site reuses are consistent with new urbanism and smart growth principles.

Because of its size, location and potential to embrace mixed-use development with a recreational component, Carteret's surplus land represents a continuing, unique economic development opportunity. These factors allow the Borough to leverage current economic realities and maximize correlated development opportunities.

E. Redevelopment Strategy

Carteret's strategy for continued growth considers the following:

- Evaluating population and housing trends, existing building stock, quality of life assets, and the composition of its economic base to quantify economic conditions and adapt to contemporary realities.
- Identifying acceptable parcels for home construction and attracting qualified residential developers to build new rental and owner-occupied housing, thus encouraging reinvestment in the Borough's residential neighborhoods;
- Stabilizing and improving local retail and commercial corridors, in part by implementing Special Improvement Districts;
- Promoting new industrial development through the use of creative incentives;
- Leveraging available transportation grant money to upgrade local infrastructure, especially roadways;
- Capitalizing on its proximity to the New Jersey Turnpike and the adjacent fiber optic trunk, Carteret will continue to attract well-funded enterprises wanting to build modern commercial and industrial facilities, especially on former brownfields.

F. Continuing the Process

Near-Term Goal

By researching "where it has been," Carteret can chart "where it is going." In the near term, the Borough seeks to maximize the utilization of its remaining vacant land and underutilized facilities. In the long term, this will strengthen Carteret's role as a regional commerce center and stabilize its role as an economic leader.

More specifically, this study can be used to:

- Refine the program for underutilized and brownfield sites in the Borough;
- Re-deploy underutilized and obsolete facilities to more productive uses;
- Quantify transportation and infrastructure needs in order to qualify for additional Federal and State funding;
- Evaluate open space and recreational needs and pursue additional funding towards that end;
- Work with Federal, State and County funding entities to assess and modernize infrastructure facilities;
- Work with the New Jersey Department of Transportation (NJDOT) and other agencies to create an implementation program for infrastructure construction;
- Fine-tune Carteret's market position in terms of its role in the regional economy;
- Refine the process to continue targeting optimal uses for underutilized sites and render them "shovel ready" for development;
- Respond to outside interest for vacant sites and continue attracting appropriate commercial and industrial users;
- Evaluate the potential utilization of wetlands for appropriate alternative energy technologies (wind, solar), thus putting such sites to economic use while remaining sensitive to the environment.

MARKET POSITION

A. Introduction

As part of this evaluation, local demographic and economic conditions within the Borough and Middlesex County were examined. Information was obtained from diverse private and public sources and included interviews with local and regional stakeholders.

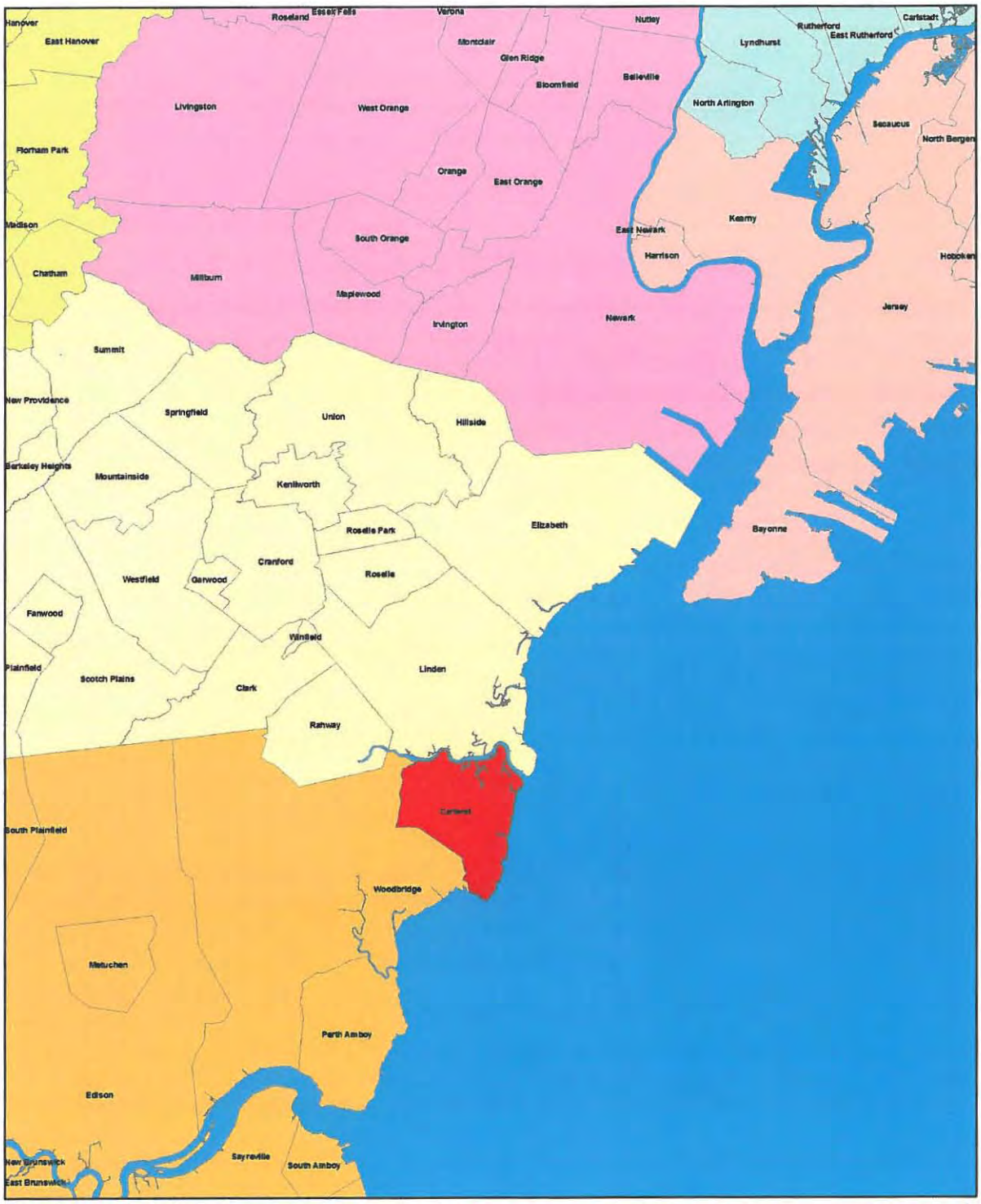
This research consisted of the identification of demographic and economic trends. The project team's interpretation of market position provides a basis for identifying the most appropriate uses for vacant or underutilized land. This underpins an overall strategy in line with Carteret's long-term objectives.

Market demand within Carteret is driven by the goods and services required by the regional population (22.2 million[1]), as well as its proximity to one of the largest container-shipping ports in the world. The fact that many sites are ready-to-go and can accommodate different uses presents an advantage for Carteret as compared to its neighbors. In areas characterized by high development pressure and limited site availability, properties positioned as "ready to go," with flexibility and immediacy, are attractive to end-users. This desirability is underscored by Carteret's demographic stability.

B. Market Position and Overview

As shown on Figure 1, Carteret is situated on the Arthur Kill, a primary feeder channel to Port Newark-Elizabeth. The Arthur Kill is periodically dredged to a depth of 37 feet to accommodate large draft cargo ships, which frequently use it as an approach to the Port. Port Newark-Elizabeth is the third largest port in the US, after Houston and Los Angeles-Long Beach, and the twentieth busiest in the world. It moved 138 million tons of cargo in 2004 and was projected to move over 150 million tons in 2009[2]. It also has direct access to the NJ Turnpike, through the Exit 13A Interchange. This fourteen-lane section of the NJ Turnpike is directly accessible to the port, located at Exit 14, and handles approximately 200,000 vehicles per day.

[1] US Bureau of the Census, "Annual Estimates of the Population of Combined Statistical Areas: April 1, 2000 to July 1, 2009" http://www.census.gov/popest/metro/tables/2009/CBSA-EST2009-02.csv.
[2] American Association of Port Authorities, "US Port Rankings 2008; List of World's Busiest Ports of the World," http://www.aapa-ports.org/Industry/content.cfm?ItemNumber=900&navItemNumber=551#Statistics.



Regional Location

Beacon Planning and Consulting Services, LLC
315 Route 34, Suite 129
Colts Neck, New Jersey 07722

FIGURE 1

Carteret's accessibility to the Port makes it attractive for warehousing and distribution operations. Its ease of access to the New Jersey Turnpike and freight rail lines enhances its market position. Proximity to high traffic fiber optic lines opens up the area to future occupants like remote data storage facilities, back-up information technology operations, and other similar uses. Essentially, Carteret is an outsized intermodal facility for physical and digital freight. This is exemplified by the fact that many of the new commercial redevelopers are utilizing sites for warehousing, distribution, bulk data storage, and corporate offices.

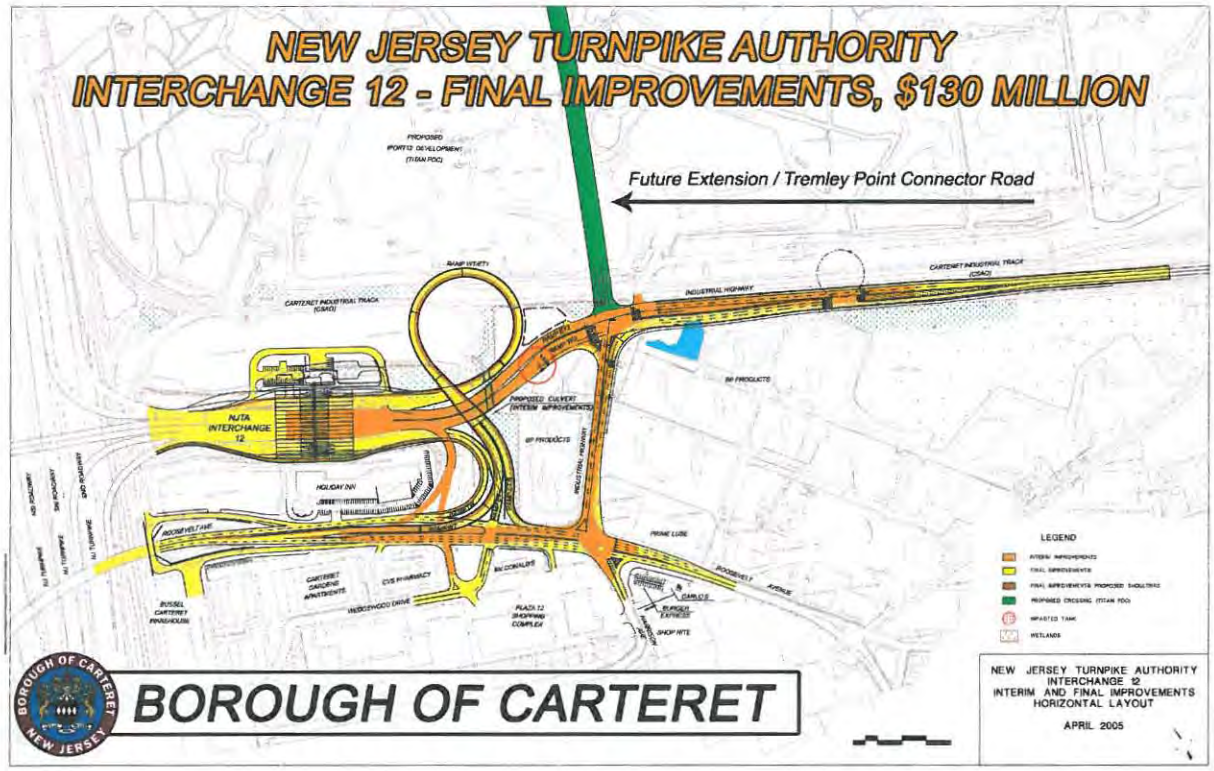


Figure 2. Turnpike Interchange Exit 12 Improvements.

Strategic Market Evaluation

1. Demographic Factors

Between each decennial Census, the US Census bureau, with the assistance of the NJ Department of Labor, prepares an official annual population estimate for the State of New Jersey, as well as its counties and municipalities. ESRI and other demographic data providers employ various means to estimate population and income levels for a variety of purposes[3]. However, the Census estimates are considered to be the official estimate used for government purposes. The Census Bureau employs the most comprehensive methodology and is relied upon by all levels of government and the private sector.

Carteret had a population of 23,776 in 2009, up from 20,709 in the 2000 US Census. Its median household income of $60,196 was roughly equivalent to an inflation-adjusted income of $61,039 ($47,400 without adjustment) in 2000. Average household income, a measure that better accounts for higher incomes, shows similar results. Adjusted for inflation, the average household income in 2000 was $70,948 ($55,095 unadjusted) annually, while in 2009 it was $72,984[4].

To make a meaningful historical comparison, median family income is used. Median family income is a measure that excludes single person households due to the potential distortions associated with single persons and "roommate" (2 or more unrelated people) domiciles. While less inclusive than household income, family median income was the primary measure until the 1980/1990 census, when it was replaced by a combination of median and mean household income. Thus, family median income is used here to allow for establishing long term historical trends and to provide enough information to establish a generalization of the local demographic conditions.

Historically, as shown in Table 1, Carteret kept pace with Middlesex County until 1990. Then, from 1990 until 2000, Carteret's inflation adjusted median family income dropped significantly while Middlesex's rose moderately. The previous parallel course with Middlesex County resumed through 2008 and 2009.

---

[3] ESRI Demographic Profile, Carteret and Middlesex County, NJ 2000, 2009, 2014.
[4] NJDOL Population Estimates , 2009.

Table 1
Population and Median Family Income – 1940-2009 [5,6,7,8]
Carteret and Middlesex County, New Jersey

Year	Population (1)		Income (1,2)			
	Carteret	Middlesex	Carteret		Middlesex	
	# Pop./% Change	# Pop./% Change	Unadj.	Adj.	Unadj	Adj.
1940	11,976	217,077	N/A	N/A	N/A	N/A
1950	13,030/(+8.8%)	264,782/(+22.0%)	N/A	N/A	N/A	N/A
1960	20,502/(+57.3%)	433,856/(+63.9%)	6,841	50,435	7,054	52,005
1970	23,137/(+12.9%)	583,813/(+34.6%)	11,232	65,659	11,982	70,043
1980	20,598/(-11.0%)	595,893/(+2.1%)	23,633	69,837	25,603	75,658
1990	19,025/(-7.6%)	671,810/(+12.7%)	44,515	77,017	51,835	89,682
2000	20,709/(+8.9%)	750,162/(+11.7%)	54,609	70,322	70,749	91,106
July 2009	23,776/(+14.8%)	790,738/(+5.4%)	68,030	67,788	90,769	90,446

Source: 2000 US Census of Population Projections, 2008 American Community Survey & US Census for Family Income, and NJDOL Population Estimates – 2009.
1960 – 1990 US Census Data/Master Plans for Carteret NJ 1964, 1973, 1998

Notes:
(1) Population is measured by number of people followed by the percent change from the previous time period
(2) Incomes prior to 1960 were not measured on the Municipal or County level by the US Census.
Measured income is adjusted for inflation. Inflation factors obtained from "US Inflation Calculator" website.
Incomes 1940-1950 were measured for each state and municipality > 100,000
All incomes adjusted to 2009 Dollars using "US Inflation Calculator" CPI index.
All information is as of the previous year's end (i.e. 1980 = 12/31/1979) with the exception of July 2008 Census projection data. That is treated for CPI adjustment purposes as year ending 2008.

The data shows that Carteret grew in population and income, peaking in 1980 for population and 1990 for income. Carteret then declined in population by 20 percent between 1980 and 2000, and its income fell by 10 percent between 1990 and 2000. In contrast, population and income both rose consistently in Middlesex County throughout this same time period, with a slight decline only in 2008 and 2009.

Table 2 examines population and income trends by decade and takes into account inflation and range variations:

[5] Ibid.
[6] US Bureau of The Census, "2008 American Community Survey, US Census for Family Income."
[7] US Bureau of The Census, "US Census Data for Family Income for 2000, 1990, 1980."
[8] Master Plans for Carteret NJ 1964 (Appendix, Table 3), 1973 (Page 12, 31) and 1998 (Page 12, 16).

Table 2
Median Household Income, by Range
Carteret, New Jersey

HH Income (Inflation Adjusted)	Number of Households			
Range Error +/- $2,500	1980 (%)	1990 (%)	2000 (%)	2009 (%)
Less than $20,000			993 (14.1%)	
Less than $26,000	1,595 (23.2%)	1,233 (18.5%)		1,341 (18.7%)
Tranche 1: Sustenance	**1,595 (23.2%)**	**1,233 (18.5%)**	**993 (14.1%)**	**1,341 (18.7%)**
$25,000 to $74,999	4,059 (59.2%)			2,942 (41.0%)
$26,000 to $60,999		1,640 (24.6%)		
$20,000 to $63,999			2,723 (38.5%)	
Tranche 2: Low – Mod.	**4,059 (59.2%)**	**1,640 (24.6%)**	**2,723 (38.5%)**	**2,942 (41.0%)**
$64,000 to $128,999			2,490 (35.3%)	
$61,000 to $129,999		3,037 (45.6%)		
$75,000 to $149,999	1,149 (16.7%)			2,509 (35.0%)
Tranche 3: Middle	**1,149 (16.7%)**	**3,037 (45.6%)**	**2,490 (35.3%)**	**2,509 (35.0%)**
$130,000+		755 (11.3%)	851 (12.1%)	
$150,000+	59 (0.9%)			383 (5.3%)
Tranche 4: Upper	**59 (0.9%)**	**755 (11.3%)**	**851 (12.1%)**	**383 (5.3%)**
Adj. Median HH Income	$62,635	$69,669	$61,038	$60,196
Total	**6,862 (100%)**	**6,665 (100%)**	**7,057 (100%)**	**7,175 (100%)**

Table 2 shows that the number of households earning sustenence level income markedly decreased from 23.2 percent in 1980 to 14.1 percent in 2000, but then rose to 18.7 percent in 2009. At the same time, middle and upper income earners dramatically increased in numbers from 1980 to 1990, replacing low to moderate income households. The data show that household income in the Borough has been increasing since the 1980's, with low to moderate income households being replaced by wealthier households. The 1990 census data illustrate a peak in the middle income tranche as identifgied in Table 2. Likewise, the 2000 census data illustrate a peak in upper income households. This reveals a stark income bump that was displayed in the 1990 and 2000 census data for these two tranches.[9]

[9] 2000 & 2009 ESRI Demographics Profile for Carteret & Middlesex County NJ for Population, 2008 American Community Survey, 1960 – 1990 US Census Data, Master Plans for Carteret NJ 1964, 1973, 1998.

2. Local Employment Indicators

Carteret has experienced a change in the character of its workforce that can be attributable to both a local and regional decline of the area's traditional smokestack economic base. As indicated in Table 3, Carteret's labor pool has shifted from manufacturing to warehousing/distribution and services. During the course of this shift, many of Carteret's residents had to seek employment outside of the Borough. At that time, Carteret's existing heavy industry, which formerly dominated the local economy, phased out many operations due to domestic and international competitive pressures.

Table 3
Non-farm Labor, 1980-2008
Carteret, New Jersey

Industry	1980	1990	2000	2008
Agriculture/Mining	57	60	17	25
Construction	333	594	471	367
Manufacturing	3,390	2,138	1,312	1,238
Trans. Comm. Utilities, Warehousing	1,154	1,157	1,220	1,565
Wholesale Trade	669	757	557	519
Retail Trade	1,607	1,600	1,184	982
Finance, Insurance, Real Estate (FIRE)	435	538	666	847
Services (Incl. Information & Education)	1,824	2,071	3,265	3,921
Government	340	315	344	376
Total	9,809	9,230	9,036	9,840

Source: US Department of Census 1980, 1990 & 2000, American Community Survey 2008
FIRE: Finance, Insurance and Real Estate

The illustrated pattern has been gaining momentum with service and FIRE sectors experiencing significant proportional growth. Services added approximately 1,000 jobs per decade since 2000, while FIRE added 100 jobs per decade since 1980. This mostly occurred at a time when the decline of manufacturing resulted in a loss of approximately 1,000 jobs per decade since 1980.

Middlesex County's employment exhibits a similar trend in that services, FIRE, and retail trade have expanded, while manufacturing employment has declined. Unlike Carteret, the County has a significant government, healthcare, and educational services presence. Major institutions located in Middlesex County include local and

County governments, Rutgers University, Middlesex County College, JFK Medical Center, and Robert Wood Johnson Hospital. The Routes 1 and 9 corridors (the regional center for corporate offices and retail shopping activity), allows for a more diversified economic base in Middlesex County than in Carteret.[10]

While Carteret has lagged behind its neighbors in terms of income and employment, it has kept pace with regional economic trends, albeit to a lesser degree. As shown in Table 4, Carteret posted no declines whereas its neighbors posted gains. As a result, Carteret has had to make up lost ground to be at parity with its neighbors. One encouraging sign is that for 2009, the one-mile radius (i.e., Carteret) is showing a higher percentage in the $50,000 to $75,000 and $75,000 to $100,000 income categories than the three- and five-mile radii. The same is true for income levels below $50,000, meaning Carteret is not reducing its numbers in those lower income levels as quickly as the neighboring municipalities.

Table 5 shows that Carteret does not significantly "drag down" the demographics of the other regions within the "ring analysis." It does have less high income earners than its neighbors. When compared to the previous table, where interior rings are included, Carteret contributes more in lower and moderate income earners, skewing downward the <$100,000 categories. Carteret's paucity in higher income earners skews the >$100,000 categories upward when it is excluded.

[10] Ibid. Where is the rest of this footnote?

Table 4
Median Household Income, 2000 & 2009
Carteret and Surrounding Communities, New Jersey

Category	1 Mile Radius (Carteret)		3 Mile Radius (Carteret, Linden, Rahway, Woodbridge)		5 Mile Radius (3 mile cities + Clark, Roselle, parts of Elizabeth)	
	2000	2009	2000	2009	2000	2009
< $15,000	12.8%	9.3%	11.1%	7.6%	10.8%	7.3%
$15,000 - $24,999	10.7%	7.7%	8.7%	6.8%	8.3%	6.4%
$25,000 - $34,999	10.4%	8.0%	10.0%	6.2%	9.9%	5.9%
$35,000 - $49,999	16.9%	11.6%	15.6%	11.1%	15.0%	11.3%
$50,000 - $74,999	22.4%	21.0%	23.6%	20.4%	22.7%	19.8%
$75,000 - $99,999	13.6%	20.8%	15.0%	20.1%	15.1%	18.1%
$100,000 - $149,999	10.1%	15.5%	12.1%	19.6%	13.0%	21.0%
$150,000 - $199,999	2.0%	3.6%	2.8%	5.1%	3.3%	6.1%
$200,000 +	1.2%	2.5%	1.2%	3.1%	1.9%	4.1%
Median Household Income	$49,234	$62,870	$54,157	$71,569	$55,587	$73,847

Source: ESRI Data Reports & Projections 2009. Income is measured in current dollars (i.e. 2000 dollars are not adjusted for inflation to equate to 2009 dollars). Assume 27.7% inflation between 2000 and 2009 as an equalization factor between 2000 and 2009 income data.

Table 5
Median Household Income, 2000 & 2009, by Radius Ring
Carteret and Surrounding Communities, New Jersey

Category	1 Mile Radius (Carteret)		1 to 3 Mile Radius Ring (Carteret, Linden, Rahway, Woodbridge)		1 to 5 Mile Radius Ring (3 mile cities + Clark, Roselle, parts of Elizabeth)	
	2000	2009	2000	2009	2000	2009
< $15,000	12.8%	9.3%	10.6%	7.61	10.7%	7.2%
$15,000 - $24,999	10.7%	7.7%	8.0%	6.5%	8.2%	6.3%
$25,000 - $34,999	10.4%	8.0%	9.9%	5.7%	9.8%	5.8%
$35,000 - $49,999	16.9%	11.6%	15.1%	11.0%	14.9%	11.9%
$50,000 - $74,999	22.4%	21.0%	23.9%	20.2%	22.7%	19.6%
$75,000 - $99,999	13.6%	20.8%	15.5%	19.9%	15.2%	17.9%
$100,000 - $149,999	10.1%	15.5%	12.7%	20.8%	13.1%	21.2%
$150,000 - $199,999	2.0%	3.6%	3.1%	5.6%	3.3%	6.2%
$200,000 +	1.2%	2.5%	1.2%	3.3%	2.0%	4.1%
Median Household Income	$49,234	$62,870	$54,157	$71,569	$55,587	$73,847

Source: ESRI Data Reports & Projections 2009. Income is measured in current dollars (i.e. 2000 dollars are not adjusted for inflation to equate to 2009 dollars). Assume 27.7% inflation between 2000 and 2009 as an equalization factor between 2000 and 2009 income data.

3. Local Occupation Patterns

As Table 6 shows, Carteret has been shifting from an economy that utilizes skilled and semi-skilled "trade" workers to one that primarily employs service, management, and professional workers. Each subsequent decade since 1980 shows a sharp increase in management and professional workers as compared to a decline of precision production/repair/construction workers, machine operators, fabricators, etc.

Table 6[11,12,13]
Employed Persons by Occupation
Carteret, New Jersey

Occupation	1980	1990	2000	2008
Management & Professional	1,419	1,698	1,953	2,773
Technical, Sales, Support (Clerical)	3,393	3,191	3,016	3,116
Personal Services (Security, Household)	1,089	1,134	1,348	1,196
Farming, Forestry, Fishing	44	28	8	0
Precision Production/Repair/Construction	1,361	1,235	808	546
Mach. Operators, Fabricators, Laborers, Movers	2,503	1,944	1,903	2,209
Total by Category	**9,809**	**9,230**	**9,036**	**9,840**

Source: US Department of Census 1980, 1990 & 2000, American Community Survey 2008

Note the activity of the latter from 1980 to 2000. A sharp dip of approximately 20 percent occurred between 1980 and 1990 as a result of the deindustrialization of Carteret, and much of the "Rust Belt," during that time. Stabalization occurred from 1990 to 2000 with recovery occuring from 2000 on. Carteret's recovery is associated with the resurgence of warehousing and distribution activity that commenced in the mid 1990's and gained momentum over the past decade. Note the decline of workers in 1990 and 2000 with an upswing shown in 2009.

Professional workers, while increasing in numbers according to the census data and typically earning more than other groups, can compensate for income, but not for the lost manufactuing workers and the declining population.

[11] US Census data, 1980, 1990, 2000, 2008.
[12] American Community Survey, 2008.
[13] Master Plan for Carteret 1998, Page 21-22.

Photo 1. Former oil depot located adjacent to Industrial Highway.

HISTORIC CONDITIONS

Carteret is transforming from a "smokestack" industry based economy to one based on warehousing/distribution, services, and information technology. This trend is being advanced by the availability of suitable sites within the Borough. Many of the sites are level and have access to utilities, multi-modal transportation, and qualified labor pools. The following evaluation provides a review of Carteret's development history and how it influenced the competitive advantages Carteret enjoys today.

Photo 2. Former Florence Paper facility.

A. Location and Access

Figure 1 shows the regional location of the Borough of Carteret. The Borough was carved out of a section of Woodbridge Township in 1906[14]. It is bordered to its north and east by waterways (Rahway River and Arthur Kill) and Linden, and to its south and west by Woodbridge, with Rahway adjacent to the northwest. Carteret's waterfront location led to rapid industrialization in the 1930's and 1940's. Its ready access to water transportation routes[15] enabled large-scale chemical plants and commodities works, i.e. steelworks, lumberyards, and clay manufacturing plants, to be built and operated. Household names, such as DuPont, Dow, Chrysler, American Standard, Schering Plough, FMC, GATX, AMAX, Phillips, BP Amoco, Englehard, Foster Wheeler, Continental Can, and American Cyanamid (CYTEC), built plants here[16]. Carteret's central location, 60 miles northeast of Center City Philadelphia, 40 miles northeast of Trenton, and 20 miles southwest of Midtown Manhattan, made it a desirable freight railroad and highway stop as well. Significant rail sidings were constructed to support the new factories. The New Jersey Turnpike, part of New Jersey's eastern industrial spine, has had an interchange in Carteret since the 1950's. Close access to the Garden State Parkway is also available.[17]

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[14] Master Plan for Carteret 1964, Page 1.
[15] Official Maps for Carteret, 1939, 1963, 1977.
[16] Official Map for Carteret, 1977.
[17] Master Plan for Carteret 1973, Page 57-58.

Photo 3. View of petroleum storage tanks.

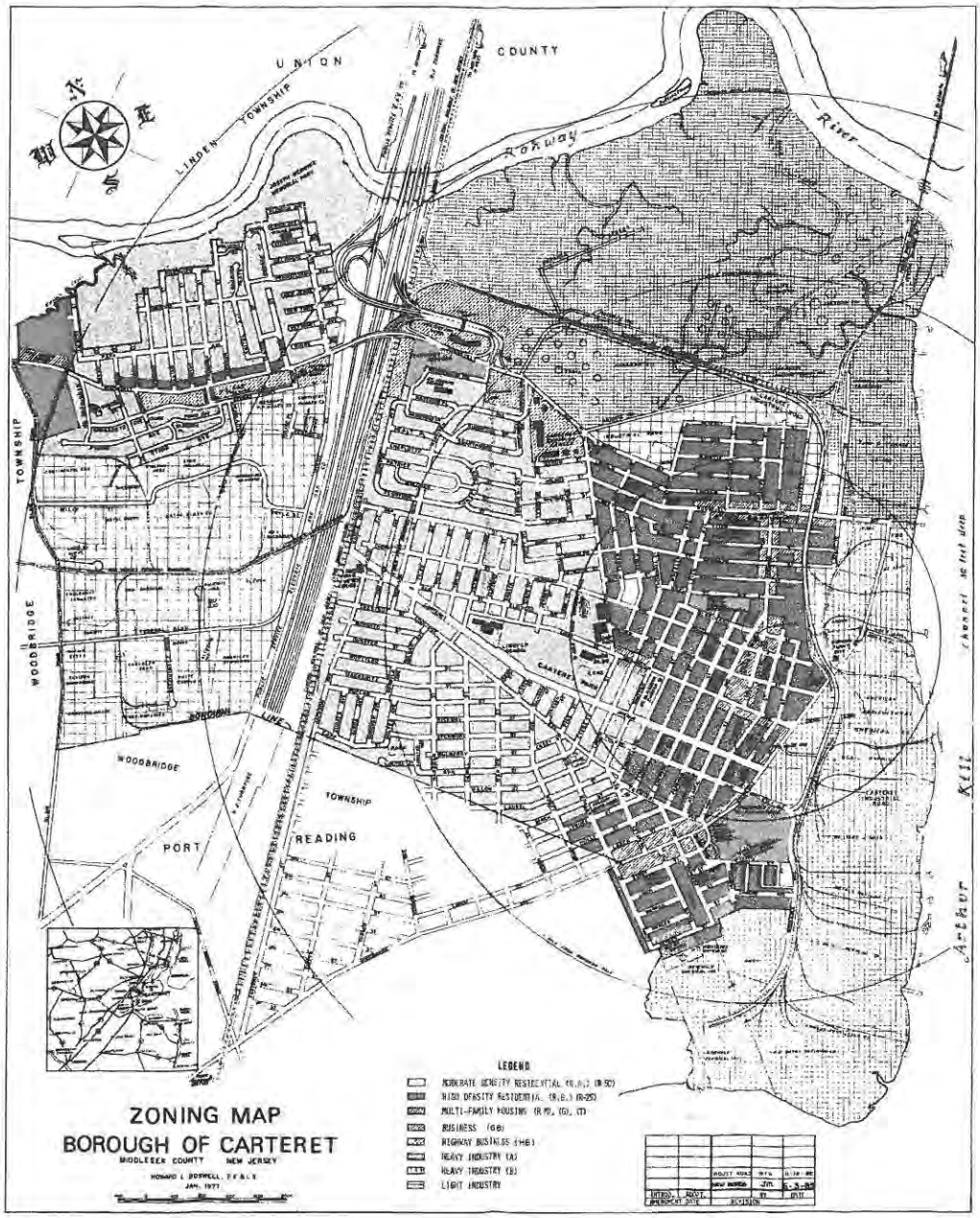

Figure 3. Historical Zoning Map, Borough of Carteret, 1977.

B. Size and Land Use

According to the 1973 Master Plan, Carteret contains 2,880 acres, or 4.5 square miles. Of this total, 2,266.5 acres, or 78.8 percent of the land area, is developed or utilized for public, semi-public, or private purposes. Listed in Table 7 are the "historic uses" of land within the community[18]:

Table 7
Historical Land Use
Carteret, New Jersey

Land Use	Acreage	Developed Area %	Total Area %
One and Two Family Residential	593.3	26.2	20.6
Multifamily Residential	45.9	2.0	1.6
Trailer Park/Residential	24.6	1.1	0.9
Commercial	56.5	2.5	1.9
Light/Medium Industry	229.4	10.1	8.0
Heavy Industry	589.3	26.0	20.5
Public Buildings and Schools	25.9	1.2	0.9
Parks and Playgrounds	36.1	1.6	1.2
Semi-Public Buildings	22.2	0.9	0.8
PSE&G/Utility Right of Way	19.1	0.9	0.7
Railroad Right of Way	59.6	2.6	2.1
Street Right of Way	564.6	24.9	19.6
Total Developed Land	2,266.5	100.0	78.8
Vacant Land	467.3		16.2
Water Bodies	146.2		5.0
Total Area	2,880.0		100.0

Source: Carteret Master Plan, 1973

Each category of developed land is concentrated within specific districts. Heavy industry is focused along the Arthur Kill Waterfront, while light/medium industry is primarily located in West Carteret. One and two family housing units dominate the interior locations. In addition, numerous parks, schools, public buildings, and scattered commercial uses are located along the Borough's two arterials (Washington and Roosevelt Avenues). Four significant multifamily residential complexes are sited in transitional locations between the interior residential and the outer industrial

[18] Master Plan for Carteret 1973, Page 2.

centers. Two trailer parks are located in the northwest corner of West Carteret at the Woodbridge border.

Undeveloped land constitutes ~613.5 acres, or 21.2 percent of the total, and is primarily located adjacent to the Rahway River and Arthur Kill. 467.3 acres of this consist of a sole, undeveloped wetlands parcel located along the Rahway River. Cytec Industries, as well as the Borough, formerly used this as a landfill. Additionally, it acted as a buffer to nearby liquid storage facilities, owned by GATX/Philips Petroleum (Kinder Morgan) and BP Amoco. Some of the land adjacent to the wetlands has been developed for modern warehouse/distribution uses; however, much remains undeveloped.[19]

Photo 4. Existing industrial facility at Roosevelt Avenue.

Because of economic shifts, the historically industrial zones have been vacated and now present an opportunity for mixed-use development. This has been an ongoing effort throughout the past decade and will be described fully in the next section. When complete, the redevelopment will reorient the community towards a mixed,

[19] Master Plan for Carteret 1973, Page 8.

modernized economy while providing the region with extensive market rate housing and recreational opportunities.

Photo 5. Entry gate at the former Englehard facility.

C. Roadways

Aside from the New Jersey Turnpike, which is controlled by the NJ Turnpike Authority, Carteret's main commercial roads are Roosevelt and Washington Avenues. Those roadways constitute the bulk of the storefront retail, municipal, and commercial activity. Industrial Road was constructed from 1987 to 1991, at a cost of $15 million, to serve the heavy truck traffic utilizing Carteret's NJ Turnpike access.[20] The first section opened in October 1991. In 1998 the roadway was rededicated as the Peter J. Sica Industrial Highway, in honor of former Mayor Sica, who was instrumental in procuring funding for its construction. The subsequent expansion, widening, and redesign of the Exit 12 Interchange, at a cost of $150 million, improved Carteret's access to the NJ Turnpike. The interchange was completed in 2007 and has had a significant impact on Carteret as an intermodal destination, opening the door to continued economic redevelopment of its industrial sites[21].

Local roads have been and continue to be improved by resurfacing and realignment projects. Projects include the redesign and reconstruction of two major intersections along Peter J. Sica Industrial Highway at Roosevelt Avenue and at Washington Avenue. The aforementioned improvements took advantage of local, state, and federal funds.

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[20] Anthony A. Gallotto, "Carteret Truck Bypass," Newark Star Ledger, October 19, 1991.
[21] Leo D. Rommel, "Exit 12 Turnpike Project Nearly Complete in Carteret," Home News Tribune of Central New Jersey, October 9, 2009.

Photo 6. Peter J. Sica Memorial Highway.

Due to its position relative to New York City and the Greater Middlesex and Monmouth County areas, as well as its accessibility to a deep water-shipping channel, Carteret is a front-runner as a location to base a Central NJ/Manhattan ferry service. A waterfront site, near Waterfront Park, has been selected for locating ferry terminal facilities, as well as a recreational marina development. So far, Carteret has qualified for $5 million in NJ State Brownfield Development Area (BDA) grants to study and plan the implementation of this concept. $2.8 million from other funding sources has already been expended on this project.[22]

[22] New Jersey Transportation Planning Agency, Plan 2035, Appendix "List of Approved Projects.

Photo 7. Waterfront Park pier.

D. Utilities

Traditionally, railroad beds and highways have served as easements for utility trunk lines. Often, water, gas, phone and electric lines run parallel, above or below ground, with roadways and railways. This is true for Carteret as well, which benefits from major Fiber Optic trunk lines running along the New Jersey Turnpike. Its access to heavy power and transportation links as well as its proximity to New York City and Philadelphia makes Carteret an ideal location for back office data centers. This has been demonstrated in the past decade with the location of data resource centers for Goldman Sachs and Verizon. The prior smokestack industry established high capacity infrastructure, including water, sewer, and electric services. Limitations on infrastructure include high water tables impacting approximately 25 percent of the Borough. Major infrastructure improvements include sanitary sewer improvements aimed at providing reliable service despite elevation and flooding issues[23].

[23] Master Plan for Carteret 1973, Page 115.

Photo 8. Existing rail crossing at Federal Boulevard.

E. Government Services

Historically, government infrastructure was comprised of:

1) Municipal offices and the police department, which were housed in one location ("Borough Hall") in the early 1900's;

2) The municipal library, which was located in a converted frame house on Carteret Avenue;

3) Three fire stations, which constituted the Borough's fire department;

4) The Public Works facility, i.e., municipal garage, which was built in the 1960's. The facility included 5 bays (2 with lifts to repair trucks), locker/shower/lavatory rooms, a storage room, a mechanic's room, and an office;[24]

5) The Borough's sanitary sewer treatment plant and conveyance infrastructure, some portions of which date to the 1920's, which was designed to treat approximately 3 million gallons a day of combined sewage and storm water. It was often surcharged when it rained, treating up to 4 million gallons of combined sewage and stormwater.[25] In 1985 the NJDEP issued a sewer moratorium throughout large portions of Carteret in order to prevent discharges associated with flow in excess of the plants capacity. The system was upgraded, using a $10 million federal grant, in the mid 1990's to separate sewage from storm water and treat the sewage separately. The sewer moratorium initiated by the NJDEP in 1985 remained in effect in parts of Carteret through 2000.

Photo 9. Borough Hall, Carteret NJ

[24] Master Plans for Carteret 1964 and 1973, Synopsis.
[25] Master Plan for Carteret 1973, Page 115-116.

REINVENTION PROGRAM

A. Introduction

Carteret's commercial base, along with the rest of the U.S., started changing in the early 1980's. With the decline in the industrial base, local manufacturing facilities closed or relocated operations. With the advent of stricter environmental regulations, brownfields started to appear. Warehousing and distribution continued, buoyed by Carteret's adjacency to the New Jersey Turnpike. However, this growth was hindered by the obsolescence of the Exit 12 interchange.

PANATTONI

Photo 10. Panattoni warehouse at Turnpike Exit 12.

Through location alone, Carteret experienced a slight uplift in the 1990's. It was during the last decade, from 2000 to 2010, that the Borough revived. Using grants, focused adaptive reuse planning, and PILOT funding, the municipality was able to attract new investment, diversify its economic base, and pull in new commercial and market rate residential development. As will be shown, the local market conditions revived dramatically with individual projects costing the town little compared to their long-term benefits. These projects also provided the basis for attracting future

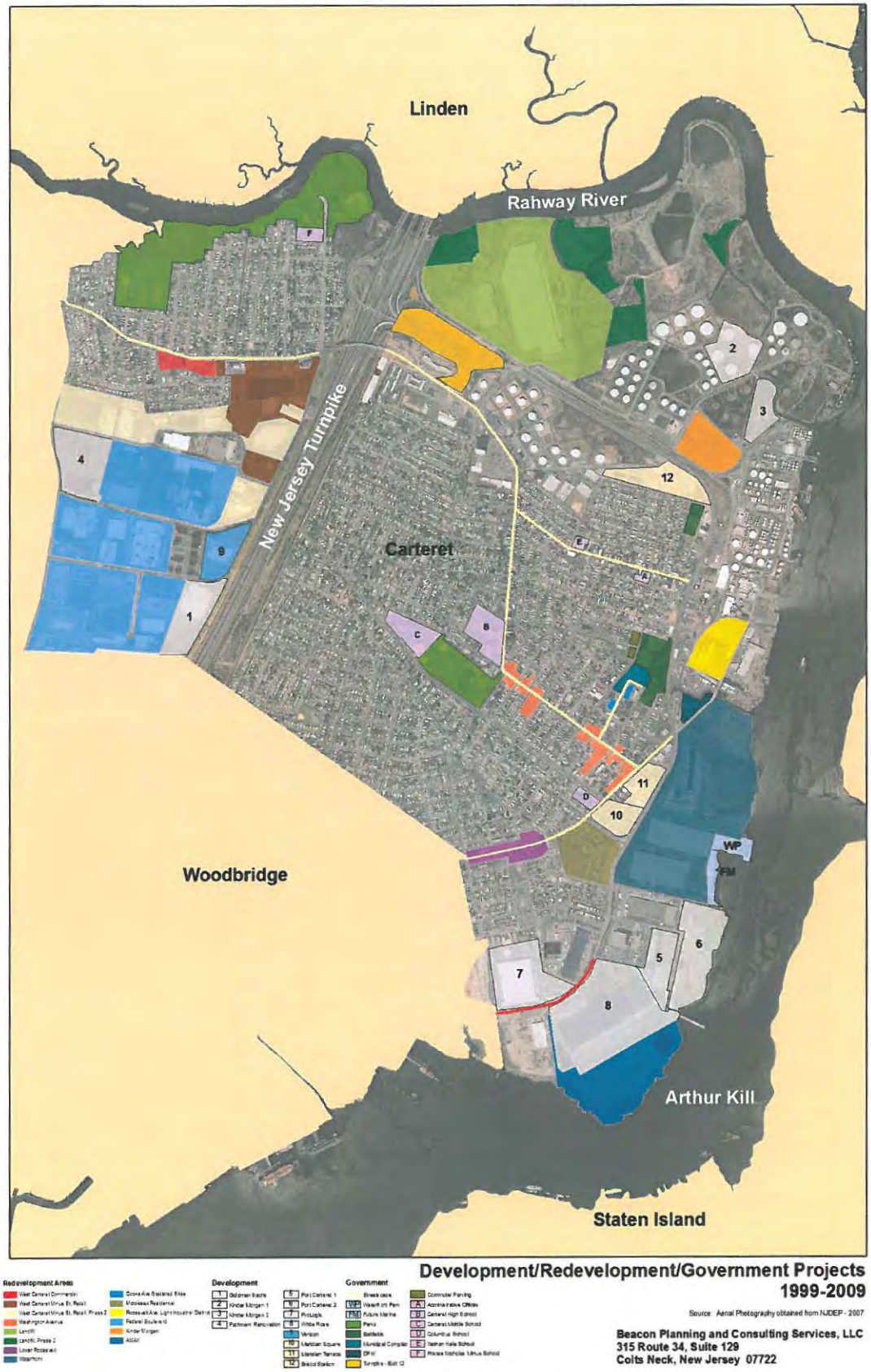
development to the Borough and cementing its place as an innovative commercial center in New Jersey.

During the planning process, Carteret was identified as and will continue to be a prime location for liquid chemical storage, bulk trucking, data storage facilities, food processors, big box retailers and global distribution centers. Collateral development, which includes market rate residential housing, retail and hotel uses, complements this new commercial development.

Photo 11. New warehouse/distribution center at Exit 12.

The directed planning and development that has lead to the success Carteret is currently experiencing should be fostered in order to continue this growth. This includes targeting vacant and underutilized land for appropriate development. Decisions concerning these properties will be driven by the potential beneficial economic development for the municipality, as well as environmental and financial returns to the property owner.

Figures 4-7 show the location of development, redevelopment and government projects that have occurred during the report timeframe.



Development/Redevelopment/Government Projects 1999-2009

Source: Aerial Photography obtained from NJDEP - 2007

Beacon Planning and Consulting Services, LLC
315 Route 34, Suite 129
Colts Neck, New Jersey 07722

Redevelopment Projects

- West Carteret Commercial Redevelopment Area
- West Carteret Minue Street Retail Redevelopment Area
- West Carteret Minue Street Retail Redevelopment Area, Phase 2
- Washington Avenue Redevelopment Area
- Landfill Redevelopment Area
- Landfill Redevelopment Area, Phase 2
- Lower Roosevelt Redevelopment Area
- Waterfront Redevelopment Area
- Cooks Avenue Scattered Sites Redevelopment Area
- Middlesex Avenue Residential Redevelopment Area
- Roosevelt Avenue Light Industrial District Redevelopment Area
- Federal Boulevard Redevelopment Area
- Kinder Morgan Redevelopment Area
- ABAX Redevelopment Area

Redevelopment Projects 1999-2009

Source: Aerial Photography obtained from NJDEP - 2007

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Development Projects 1999-2009

Source: Aerial Photography obtained from NJDEP - 2007

Industrial Projects

1 Goldman Sachs	4 Pathmark Renovation	7 ProLogis
2 Kinder Morgan 1	5 Port Carteret 1	8 White Rose
3 Kinder Morgan 2	6 Port Carteret 2	9 Verizon

Residential Projects

10 Meridian Square
11 Meridian Terrace
12 Bristol Station

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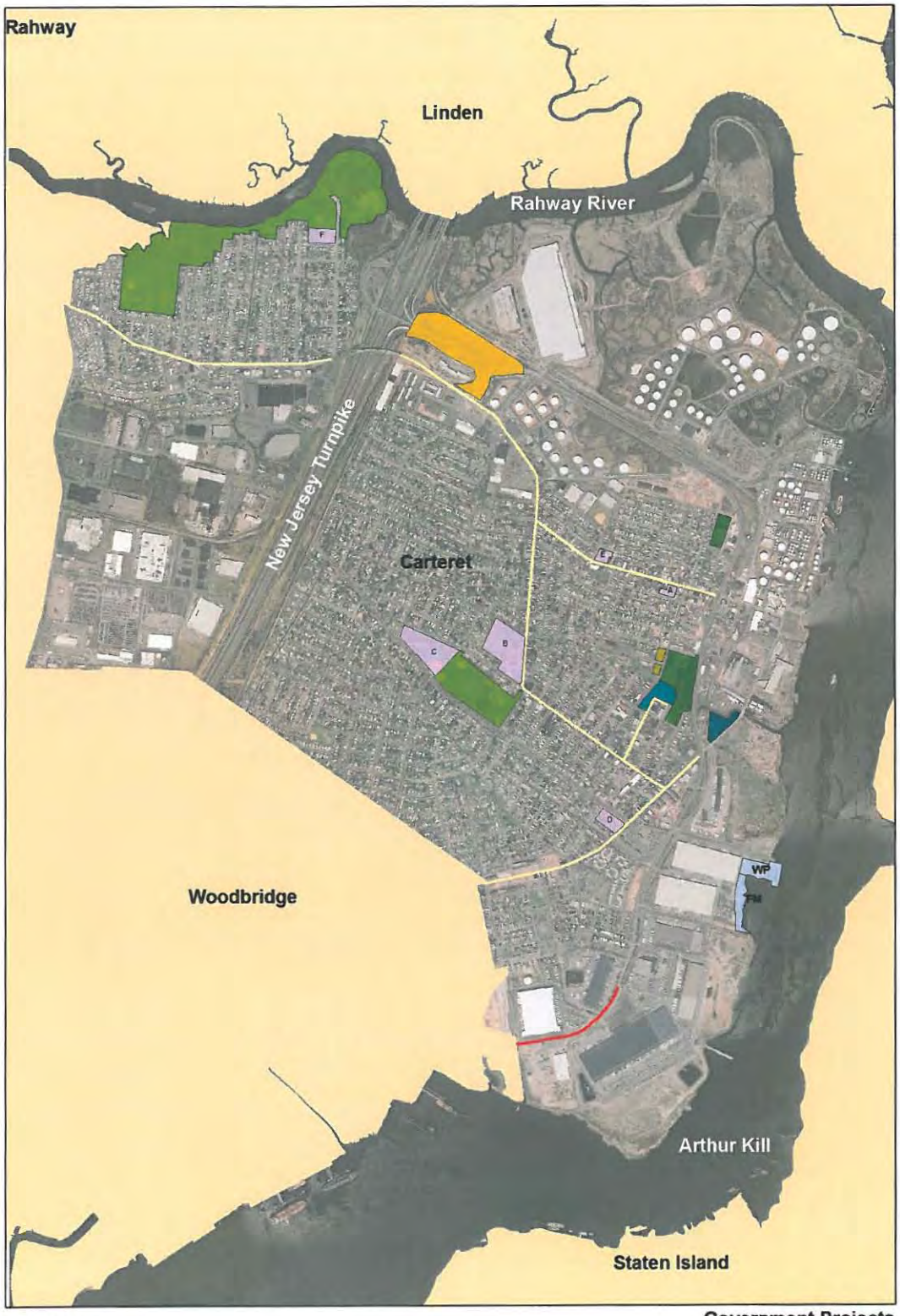

Government Projects

- WP Waterfront Park
- FM Future Marina
- Parks
- Ballfields
- Municipal Complex
- DPW
- Turnpike - Exit 12
- Commuter Parking
- Streetscape
- Middlesex Avenue
- A Administrative Offices
- B Carteret High School
- C Carteret Middle School
- D Columbus School
- E Nathan Hale School
- F Private Nicholas Minue School

Government Projects 1999-2009

Source: Aerial Photography obtained from NJDEP - 2007

Beacon Planning and Consulting Services, LLC
315 Route 34, Suite 129
Colts Neck, New Jersey 07722

B. Property Development Trends

Commercial

Table 8 demonstrates how Carteret has "built up" in earnest since 1960. "Built up" is defined as constructing permanent structures that can accommodate commercial or industrial uses. Prior to 1960, Carteret's commercial activity utilized open land for uses such as open storage, formulation (for chemical processing) and fabrication (for steel, wood processing, etc.).

Table 8
Commercial Development
Carteret, New Jersey

Year Built	Floor Area (sq. ft.)	Acres	2010 Assessment		Fair Market Value	
			Land ($)	Building ($)	Land ($)	Building ($)
Before 1960	757,235	46.9	10,290,658	13,507,418	17,632,756	35,961,917
1960-1969	1,372,762	396.0	36,048,000	58,984,500	96,000,000	157,082,557
1970-1979	994,267	101.8	18,893,100	18,980,200	50,314,514	50,546,471
1980-1989	2,120,653	99.5	17,932,000	40,515,730	47,754,993	107,898,083
1990-1999	1,084,552	71.5	7,264,500	34,073,000	19,346,205	90,740,346
2000-2009	3,285,249	227.7	18,360,600	93,970,100	48,896,405	250,253,262
Total	9,614,718	943.4	108,788,858	260,030,948	279,944,873	692,482,636

Source: Carteret Tax Records January 2010

The benefit of this change was two-fold. First, it allowed for added flexibility in the local industrial economy by allowing multiple and differing uses of the sites. Second, it accommodated changes in users. Prior to 1960, the typical industrial use in Carteret consisted of an open site with an "as-built" metal or brick enclosure used for metal fabrication or commodities processing, e.g., a sawmill or chemical refinery. Those industries initially located in Carteret because of its multi-modal location. With its access to rail, road, and water transportation, bulk materials were easily shipped. Unfortunately, these facilities cannot be easily adapted to new users.

A permanent industrial building of early 1960's vintage, like the former Continental Can facility (400 Blair Road), can be used for warehousing, distribution, or light manufacturing in addition to its intended use; fabricating cardboard containers. From 1960 to 1989, Carteret's "build-up" was limited to permanent facilities utilized for commodities processing, packaging and trucking with ancillary uses. The "build-up" strengthened in the 1990's when AMAX (metal smelting) and other traditional commodities processors began freeing up land for industrial development. This led to the emergence of food processing, drop shipping, and warehousing/logistics, all

utilizing newly constructed or adapted facilities. These uses are all outgrowths of the distribution and commodity processing industries that benefited from Carteret's multi-modal location. During the past decade this growth accelerated with the arrival of 21st century industries, such as bulk data storage, which complemented the newer industrial uses that are replacing the former heavy manufacturing plants. The acceleration is largely attributable to infrastructure improvements, most notably the installation of a fiber optic trunk adjacent to the New Jersey Turnpike. Close to 3.29 million square feet of commercial space was created during the 2000-2009 decade as compared to 3.2 million square feet created during the previous two decades.

Commercial - Industry Distribution

Tables 9 and 10 demonstrate the shift in Carteret's industrial distribution in terms of both acreage used and square footage built.

Table 9
Commercial Development, by Use
Measured by Commercial Acreage
Carteret, New Jersey

Use	Before 1960	1960-1969	1970-1979	1980-1989	1990-1999	2000-2009	Acreage	% of Total Acres
Manufacturing	30.84%	15.42%	17.21%	4.43%	1.29%	0.00%	98.37	10.43
Food Processing	0.0%	1.01%	0.00%	3.62%	64.22%	10.35%	77.11	8.17
Warehousing	55.74%	9.11%	13.90%	72.17%	32.24%	68.80%	327.87	34.75
Liquid Storage	9.45%	70.82%	0.00%	0.00%	0.00%	6.59%	299.86	31.78
Auto/Junkyard	0.00%	0.52%	46.89%	0.00%	0.00%	0.00%	49.83	5.28
Data Center	0.00%	0.00%	0.00%	0.00%	0.00%	11.42%	26.00	2.76
Office/Flex Office	0.00%	0.00%	0.00%	19.78%	0.00%	0.00%	19.69	2.09
Retail	0.00%	0.73%	22.00%	0.00%	2.25%	2.84%	33.38	3.54
Utilities	1.17%	0.00%	0.00%	0.00%	0.00%	0.00%	0.55	0.06
Abandoned	2.80%	2.39%	0.00%	0.00%	0.00%	0.00%	10.78	1.14
Total Acres	46.85	396.01	101.84	99.52	71.54	227.68	943.44	100.00

Source: Carteret Tax Records January 2010.

- Data storage facilities, such as Goldman Sachs and Verizon, relocated to Carteret, lured by lower costs, suitable buildings, and near-by high capacity fiber optics and power.
- Speculative warehousing/distribution facilities were constructed as a result of the Exit 12 improvements, the availability of tax abatements and other forms of financial assistance, such as PILOT bonds.
- No new manufacturing was built during this time frame and the majority of abandoned structures within the Borough date back to 1960's or earlier.

Photo 12. Porky warehouse/distribution facility at Port Carteret.

In this manner the economy of Carteret was remade from a heavy "smokestack" manufacturing center to a diversified base focused on data storage, logistics, and food processing. Users relocating to Carteret demonstrate the beginnings of industry clustering, especially in warehousing, food processing and data storage. Clustered users are attracted to certain locations due to the availability of factors necessary to their success, as well as the location of competitors. Carteret is a suitable location

for warehousing, food processing and data storage because it offers multi-modal transportation and critical infrastructure, i.e., fiber optics and heavy power. Over time, these uses will become predominant, replacing obsolete uses in Carteret's economy, such as manufacturing.

Residential

Table 11 illustrates single-family home construction patterns in Carteret:

Table 11
Single-family Housing Construction - Value Created
Carteret, New Jersey

Timeframe	Houses	Land Assessment	Building Assessment	Market Value of Land	Market Value of Buildings
Pre 1900	25	$876,200	$1,731,300	$2,333,422	$4,610,652
1900 – 1909	288	$9,093,700	$17,652,300	$24,217,577	$47,010,120
1910 – 1919	430	$14,497,800	$28,612,400	$38,609,321	$76,198,136
1920 – 1929	483	$16,847,400	$35,242,800	$44,866,578	$93,855,659
1930 – 1939	156	$5,680,200	$11,995,900	$15,127,031	$31,946,471
1940 – 1949	498	$19,983,150	$39,064,600	$53,217,443	$104,033,555
1950 – 1959	1,935	$81,220,200	$160,843,200	$216,298,802	$428,344,075
1960 – 1969	660	$28,021,400	$62,773,025	$74,624,234	$167,171,838
1970 – 1979	177	$6,006,500	$16,309,800	$15,996,005	$43,434,887
1980 – 1989	144	$4,581,600	$12,298,800	$12,201,332	$32,753,129
1990 - 1999	90	$3,011,600	$8,710,900	$8,020,240	$23,198,136
2000 - 2009	152	$4,986,400	$16,898,374	$13,279,361	$45,002,328
Unknown Age	67	$1,969,350	$4,760,800	$5,244,607	$12,678,562
Total	**5,105**	**196,775,500**	**$416,894,199**	**$524,035,953**	**$1,110,237,548**

Note: Market value is derived by dividing the assessed value by the equalization ratio (0.3755).
Source: Carteret Tax Records January 2010, which identified construction dates of individual houses.

The largest number of houses was constructed immediately following World War II (1950-1959). As compared to the 1,880 total houses built prior to 1950, 1,935 houses were constructed during this post-War era. The trend continued into the 1960's with the construction of 660 houses, but then fell off in the following decades. For example, 177 houses were constructed in the 1970's and 144 in the 1980's. Construction bottomed out in the 1990's with only 90 houses built. Carteret's tax records indicate that construction activity was inconsistent throughout each decade, but correlated with the prevailing economic cycle. For example, during the economic recession of the late 1970's and early 1980's, little housing activity occurred within

the Borough. Likewise, during the economic booms of the early 1970's and mid 1980's, significant housing activity took place.

The number of houses constructed in Carteret during the 1990's is telling of a local economy in decline during a period in which the national economy experienced an economic upswing. The number of houses built during this period fell 40 percent from that of the preceding and following decades. It also shows a lack of demand for new construction, as well as an inability of developers to obtain financing for new home construction in Carteret.

Table 12 shows that unit density per acre has been falling, while value per square foot and unit size has risen. This evidences a balanced development taking place without congestion or overcrowding. It also indicates that occupants are wealthier, since they are able to afford these larger, more expensive units.

Table 12
Single-family Housing Construction - Size and Density
Carteret, New Jersey

Timeframe	Houses	Floor Area (sq. ft.)	Avg. Building Size (sq. ft.)	Density	Land Value/Acre	Value/Sq. Ft.
Pre 1900	25	41,603	1,664	8.04	$846,181	$114.27
1900 – 1909	288	457,943	1,590	10.18	$930,513	$104.74
1910 – 1919	430	703,230	1,635	9.20	$892,454	$111.90
1920 – 1929	483	831,134	1,721	9.12	$894,106	$116.42
1930 – 1939	156	262,086	1,680	8.60	$886,268	$124.65
1940 – 1949	498	805,530	1,618	7.94	$884,489	$133.04
1950 – 1959	1,935	3,066,524	1,585	7.31	$882,200	$146.39
1960 – 1969	660	1,071,134	1,623	6.76	$817,452	$161.98
1970 – 1979	177	302,937	1,712	9.51	$939,336	$145.53
1980 – 1989	144	220,975	1,535	10.87	$1,087,824	$151.27
1990 – 1999	90	163,517	1,817	9.72	$984,351	$145.66
2000 – 2009	152	306,901	2,019	8.57	$890,531	$150.74
Unknown Age	67	99,644	1,487	9.75	$887,403	$131.53
Total	**5,105**	**8,333,158**	**1,668**	**8.89**	**$909,470**	**$133.70**

Note: Market value is derived by dividing the assessed value by the equalization ratio (0.3755).
Source: Carteret Tax Records January 2010, which identified construction dates of individual houses.

Outside investment, whether by builders speculating on individuals purchasing houses or by developers building apartment complexes to rent, is another barometer of a town's economic health. More telling of Carteret's 1990's decline and 2000's resurgence is the data concerning multifamily residential development provided in Table 13.

Through the 1970's, several apartment buildings were built. Construction of apartments then ceased until 2000. During the past decade, new market rate apartments units were built and rented at premium rates. These newly created units are equivalent in number to all units constructed prior to the year 2000. A total of 816 units were created from 2000 to 2009, as compared to the 866 units built before 2000.

Table 13
Multifamily Residential Development
Carteret, New Jersey

Timeframe	Units	Percent of Total Apartments
Apartments		
18 Units or more		
Before 1960	117	6.96
1960 – 1969	259	15.40
1970 – 1979	75	4.46
1980 – 1989	0	0.00
1990 – 1999	0	0.00
2000-2009	816	48.51
Less than 18 Units	415	24.67
Total	**1,649**	**100.0**

Source: New Jersey NJDCA Building Inspection Database, 2004
with public housing update by Eric Chubenko, Carteret Housing Authority.

Figure 5. Illustrated rendering of Bristol Station apartment complex.

Carteret's housing inventory also includes 360 slips in two trailer parks.

Additionally, it should be noted that Carteret has not created significant new public housing in the last 30 years. The housing and tax records show only inventory and ownership, but no construction date; thus, a "creation date" for this public housing stock is unavailable. A visual inspection revealed that the majority of Carteret's public housing stock seems to date back to the 1970's or earlier, with a large amount created in the 1950's and 1960's. Using available information, Table 14 outlines the total multifamily housing inventory available in Carteret.

Table 14: Multi Family Apartment Inventory
Carteret, New Jersey

	Before 2000		End of 2009	
Buildings > 18 units	451	40.34%	1,267	65.51%
Buildings <18 units	415	37.12%	415	21.46%
Public Housing	252	22.54%	252	13.03%
Total	1,118	100.0%	1,934	100.0%
Additional units created or under construction 2000-2009				816

Source: NJDCA Housing Inspection Database, 2004; Borough of Carteret Tax Records, 2010, verified by Eric Chubenko, Executive Director of Carteret Housing Authority

With the market rate housing created during the last decade, the percentage of public housing fell to 13.03 percent of the total multifamily apartment inventory in 2009 as compared to 22.54 percent prior to 2000.

Subsidized Housing Funding

Section 8 vouchers and Regional Contribution Agreements (RCA's) have defined subsidized housing over the last 30 years. Carteret received its Section 8 allotments between 1960 and 1980, which are automatically renewed annually. Over the past decade, Carteret has also received several financial grants from other municipalities to create subsidized "affordable housing" through the RCA program.

Section 8 Vouchers

The Federal Government provides Section 8 vouchers as a direct cash amount for tenants to use as partial payment of their rent. According to the Carteret Housing Authority (Eric Chubenko), the following are Carteret's allotments of Section 8 vouchers:

Vouchers Available	464 (all issued in 1980)
Vouchers Authorized by Budgetary Authority	430 (100 used "out of town")

Of the 464 Section 8 Vouchers Available, 150 are for "mainstream" disabled, 200 are for family unification, and 114 are for low income. Thus, only 114 of the 464, or 25 percent of the total, Section 8 vouchers are utilized to address poverty situations.[26]

Additionally, the River Run and Roosevelt Village complexes (176 units total) are privately owned and federally subsidized housing developments. The subsidy is project based. However, the program under which these apartments are classified is not known. It should be noted that two buildings within Roosevelt Village no longer have this subsidy attached to them and are now rented at prevailing market rates. It is not known how many units within Roosevelt Village are affected by this change.[27]

RCA Agreements

From 1997 to 2003, Carteret received $4.3 million in RCA commitments: $900,000 from North Brunswick, $2,320,000 from Readingtown, $400,000 from East Amwell, and $680,00 from Cranbury. Of that, $1,180,000 was utilized during the last decade to rehabilitate 75 units in several buildings owned by Frank Raia. 72 of these units have been completed, of which 16 are age-restricted and 36 units are reserved for disabled residents. These projects involved the adaptive reuse of commercial structures for residential apartment buildings. An additional 10 units at the Fitch Street Commons project, which is comprised of age-restricted affordable housing units, have been approved for renovation using $200,000 in RCA funding. All of these units are ADA compliant.

Of the RCA money, $1,623,723 was utilized to fund home improvements. Grants were awarded to local residents based on income criteria. Based on the program awards, it contributed to the renovation of 133 residences in Carteret, of which work on 100 units has been completed.

All told, $3,003,723 has been spent on constructing or renovating 218 affordable housing units. Including administration, accounting for recaptures, and interest earned on unspent funds, $1,296,277 of the original RCA funding remains in reserve.[28]

Subsidized Housing Under Development Not Funded by RCA

Other affordable housing projects underway include:

[26] Eric Chubenko, Executive Director of the Carteret Housing Authority, Phone Interviews, June/July 2010.
[27] Eric Chubenko, Executive Director of the Carteret Housing Authority, Phone Interview, April 2011.
[28] Kathy Shaw, Director of Economic Development for Carteret., Carteret UEZ Business Success Stories, FY 2010 Budget, Submitted to State of New Jersey 2010.

- Four units of veterans housing are proposed along Washington Avenue, of which one unit is reserved for a disabled veteran. This project is to be completed by the Carteret Housing Corporation, a 501.c.3 non-profit corporation, in conjunction with the Carteret Redevelopment Agency;[29]

- Eight age-restricted "senior" garden apartment units have been approved for a 0.3595 acre parcel located at 12 Lefferts Street (Block 137, Lot 7);[30]

- Eight age-restricted "senior" garden apartment units have been approved for a 0.1148 acre parcel located at 52 Wheeler Avenue (former Bizub Funeral Home, Block 161, Lot 4).[31]

These projects, encompassing 20 units, were funded using sources other than RCA grants.

Low Income Housing Inventory

The Carteret Housing Authority directly operates an additional 252 low-income units: 112 for families and 140 for seniors. These units were constructed in the late 1950's and early 1960's.

The total public housing inventory, including Section 8 vouchers, is as follows:

River Run/Roosevelt Village (inclusive of units "out of subsidy")	176 units
Carteret Housing Authority	252 units
Section 8 Vouchers	464 units
Total Inventory	892 units[32]

The DCA count excludes Frank Raia's projects and the River Run/Roosevelt Village, which are categorized separately and count as private in this report.[33]

[29] Ibid.
[30] Carteret NJ, 2007 Zoning Applications & Opinion Memoranda.
[31] Ibid.
[32] Interview with Eric Chubenko. According to his records, the NJDCA Inspection Database (2004) shows an erroneous public housing inventory of 1,002 units. This inaccuracy is likely due to a data entry error. The DCA seems to have inserted total housing project amounts for individual building unit counts, inflating the total number of units.
[33] New Jersey Department of Community Affairs, "Multifamily Housing Inspection Database," 2004.

Raw Land

Table 15 displays the amount of vacant "raw" land available for development. Each parcel is either part of a designated redevelopment area or adjacent to one. The Borough's redevelopment areas, which will be discussed in the next section, provide direction for how these lands are to be utilized. Salt Meadow Marsh, which is located between the 90-acre iPort 12 warehouse/distribution project and the Kinder Morgan complex, has been considered as a potential redevelopment area in order to guide its repositioning within Carteret's economy. This area consists of marshlands, landfills, and other lands that are not buildable due to existing environmental conditions. In addition, 5.5 acres of land located adjacent to the RALID Redevelopment Area presents another redevelopment opportunity.[34]

The 1973 Master Plan indicated 467.3 acres of "undeveloped and underutilized land," which consisted of undeveloped parcels along Federal Boulevard and Salt Meadow Marsh, but excluded areas along Roosevelt and Middlesex Avenues[35]. Portions of the land along Federal Boulevard are now subject to a redevelopment plan adopted in 2006, while other parcels have since been developed outside of designated redevelopment areas and are no longer considered vacant land. Part of Salt Meadow Marsh, vacant in 1973, is now iPort 12, which was completed in 2009. Another portion consists of the Kinder Morgan complex, which will be completed in 2011. Both Iport 12 and Kinder Morgan are within designated redevelopment areas and were developed pursuant to adopted redevelopment plans. The remaining 171.8 acres, known as the Driftway site, are not situated within a redevelopment area.

Although reclaiming existing industrial land is considered "redevelopment activity,", unless clearly stated otherwise, it is not within a redevelopment area subject to a redevelopment plan. A redevelopment area with an attendant plan confers incentives designed to promote the site's redevelopment. Without those in place, the "redevelopment activity" is market driven without any special assistance or incentives. Identified vacant sites where redevelopment activity can take place are listed in Table 15.[36]

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[34] Carteret NJ, Tax Records for Carteret, January 2010.
[35] Master Plan for Carteret 1973, Page 2.
[36] Op. Cit.

Table 15
Areas with Potential for New Development
Carteret, New Jersey

Location	Land Area (acres)	Bldg. Floor Area (SF)	2010 Taxes	Market Valuation (Land & Building)	Redevelopment Area ?
200 Middlesex Ave/Dupont	59.05	0	$187,063	$16,216,245	Yes (Waterfront)
Roosevelt Ave – Industrial	11.98	0	$51,640	$2,663,116	Yes (RALID)
Salt Meadow Marsh	171.87	0	$172,568	$11,145,672	No; consists of vacant land and former landfills.
24 Middlesex Ave/AMAX	97.65	0	$272,280	$13,125,965	Yes (AMAX); no redevelopment yet.
Land Only Sites	**340.55**	**0**	**$683,551**	**$43,150,998**	
St. Gobain Containers	33.00	503,118	$319,534	$12,000,000	Yes (Minue St. Retail, Phase 2)
Continental Can/Fiber Drum (400 Blair Road)	14.77	193,014	$233,189	$11,451,398	Yes (Minue St. Retail, Phase 2)
Former Englehardt/BASF[A]	13.23	288,149	$189,805	$9,320,905	Yes (Federal Boulevard)
Visceglia (Auto Auction)[B]	43.19	10,240	$466,514	$22,909,454	Yes (Federal Boulevard)
Former Supermarkets General (Pathmark) HQ	11.12	150,000	$421,551	$20,701,465	No; existing office building has been renovated and is available for leasing.
Former Florence Paper (120 Minue Street)[C]	3.57	77,755	$95,260	$4,678,029	Yes (Minue St. Retail, Phase 2)
Amquip (110 Minue St.)[C]	4.43	48,423	$56,996	$2,798,935	Yes (Minue St. Retail, Phase 2)
B&L Towing (100 Minue St.)	5.00	28,800	$57,527	$2,825,033	Yes (Minue St. Retail, Phase 2)
ICL Performance Products	17.03	76,899	$284,973	$13,994,408	No (Plant is slated for closing by end of Year 2011)
Wisley Foods/"W Bennett"	5.03	54,809	$55,060	$2,703,862	No (Site is adjacent to Skanska, which is next to ICL)
Former Colwell Iron Works[D]	2.56	0	$19,197	$942,743	No (Site is adjacent to Kinder Morgan)
Former Paktank/Basin Holding[D]	5.61	0	$28,444	$1,396,804	No (Located just north of Waterfront Redevelopment Area)
J&D Zito, LLC	2.31	9,550	$24,984	$1,226,897	Yes (Federal Boulevard)
Land & Building Sites Subtotal	**160.85**	**1,440,757**	**$2,253,034**	**$106,949,933**	

[A] As of 2011, site is in contract with PRISM Equities for future occupancy by Berje Chemical as a manufacturing/flex office facility.

[B] This site includes Block 64.1, Lots 1, 2, 3, 4, 5, 6.1 and 8.1

[C] The Florence Paper and Amquip sites are adjacent to each other within the same block. A redevelopment project could encompass both properties.

[D] The Colwell and Zito properties have sheds for which the Tax Assessor has attributed a value, even though the listed building floor area is 0. As a result, they are herein considered as sites with land and buildings.

Photo 13. Tidal wetlands at Salt Meadow.

C. Redevelopment Planning

The Borough has embraced redevelopment planning tools as a means to encourage and facilitate the appropriate reuse of vacant and underutilized properties. Sites exhibiting signs of blight would be evaluated for designation as a redevelopment area. Upon such designation, a redevelopment plan would be formulated and adopted. New investment would be secured based on uses and users identified using either an RFP or RFQ process, often offering incentives such as PILOT bonds and tax abatements/exemptions. The Borough has designated the following Redevelopment Areas:

Federal Boulevard, Phases 1 and 2

Federal Boulevard is the location of manufacturing and distribution space dating back to the 1960's. Noteworthy former occupants include Ball Glass and Englehard Precious Metals. Current uses include open air automobile auctions and vehicle storage. Currently, Verizon is completing a data center on one parcel and Royal

Coffee has considered the prior Ball Glass parcel for a new processing and distribution facility.

Note that the several newer buildings in the vicinity of the district were not included in these designations due to the good condition of these sites.[37]

Photo 14. Former Ball Glass facility.

[37] Beacon Planning & Consulting Services LLC, "Federal Boulevard Redevelopment Plan for Carteret," Synopsis.

Minue Street West Carteret Commercial Phases 1 and 2

This assembled series of smaller parcels was consolidated for a new P.C. Richards distribution and retail outlet. In order to accommodate its electronics and appliance distribution business, P.C. Richard will acquire the assembled property and convert it into a retail, office, and warehouse space.[38] P.C. Richards will lease an existing 280,000 square foot building, located on Germak Drive, from the current owner for a period of 4 years, after which they will purchase the property. P.C. Richards is renovating the building by adding 50,000 square feet of space. The purchase of an additional existing building on Minue Street from CRP Properties will add 64,000 square feet and serve as a future retail store. This building will be modified to connect to the main facility (demolition and relocation of 20,000 square feet). Approximately 31,000 square feet of this completed building will be used for office and additional warehouse space, while the remaining 33,000 square feet will be used for retail space. The project cost is $100 million dollars in private reinvestments with $15 million in construction. (Carteret UEZ 2010 Report). The Radisson hotel, which is located in Phase 1 proximate to Turnpike Exit 12, received an abatement from Carteret.[39]

Photo 15. Radisson Hotel.

[38] Beacon Planning and Consulting Services LLC, "Minue Street West Carteret Redevelopment Plan for Carteret NJ," Synopsis – Phase 1.
[39] Carteret NJ, "Radisson Redevelopment Agreement and Tax Abatement," Synopsis.

Phase 2 is proposed to consolidate a number of obsolete manufacturing parcels (400 Blair Road, 300 to 1100 Milik Street) and one new distribution building (Specialty Products) in order to create a Big Box "Warehouse Club" retail site. The redevelopment plan creates an opportunity to tie into the P.C. Richards facility and create a "Big Box" retail corridor. Current difficulties in the economy and an "over-retailed" environment may require an expansion of possible uses of the site to include data storage facilities and service offices. Trucking, as a primary use, remains something to be avoided because of the resulting traffic.[40]

Roosevelt Avenue Light Industrial District (RALID)

RALID is the result of the consolidation of two manufacturing sites on Roosevelt Avenue and is intended to be an infill site for relocated or new light industrial or logistics users.[41] This site will be the new home of ASA Apple, relocated from 200 Middlesex Avenue, which is part of the Waterfront Redevelopment Area.[42]

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[40] Beacon Planning and Consulting Services LLC, "Minue Street West Carteret Redevelopment Plan, Carteret NJ," Synopsis – Phase 2.
[41] Beacon Planning and Consulting Services LLC, "Roosevelt Avenue Light Industrial District Redevelopment Plan, Carteret NJ", Synopsis.
[42] New Jersey EDA, "ASA Apple NJEDA Signed Commitment Letter," June 2010.

Photo 16. Former industrial building in RALID redevelopment area.

Kinder Morgan

This is an expansion of an existing tank farm on land adjacent to the existing Kinder Morgan fuel storage tanks. It is located adjacent to the Salt Meadow Marshlands.[43] The Salt Meadows Marshlands is also referred to as "Driftway II."

[43] Beacon Planning and Consulting Services LLC, "Kinder Morgan Redevelopment Plan, Carteret NJ," Synopsis.

Photo 17. Kinder Morgan complex.

Chrome Waterfront Mixed Use District - Carteret Landing (with Ferry)

This mixed-use redevelopment project is designed to accommodate 3,000 luxury residential units with 500,000 square feet of ancillary commercial, office, and retail space. The site is located adjacent to the proposed ferry terminal, which will provide service between Carteret and Manhattan. The site encompasses parcels currently owned by ProLogis, Formosa Plastics (active warehouses), and DuPont (vacated chemical plant, now a brownfield).[44] Carteret has already purchased the site of the future ferry terminal and surrounding parkland for use as a fishing pier and other recreational activities. It is currently holding negotiations with ferry operators, as well as with DuPont on a remediation strategy and acquisition approach. A signed redeveloper's agreement with Jerry Halpern and Carl Goldberg was in place as of May 12, 2004. Impact fees, with the exception of reimbursed Borough Charges and a $250,000 one-time charge, are dependent on a final plan approval for the development. This has not yet occurred.[45]

Another part of the Chrome Waterfront was sectioned off to Atlantic Realty. Atlantic Realty entered into a redevelopment agreement with the Borough in 2003 and subsequently developed the Borough owned site (Block 5.01, Lots 1.02, 1.03 and 2) into market rate apartments (Meridian Terrace). This is further discussed in the "Meridian I/II" part of this report section.[46]

Washington Avenue Mixed Use District (Infill Mixed-Use)

The redevelopment plan for this area proposes mixed-use infill development to complement existing neighborhood retail and commercial uses.[47]

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[44] Schoor DePalma, "Chrome Waterfront Redevelopment Plan, Carteret NJ," Synopsis.
[45] Carteret NJ, "Chrome Waterfront Redevelopment Agreement, May 12, 2004," Synopsis.
[46] Carteret NJ, "Redevelopment Agreement by and between Carteret and Meridian Terrace, LLC," July 24, 2003, Synopsis.
[47] Beacon Planning and Consulting Services, LLC, "Washington Avenue Redevelopment Plan, Carteret NJ," Synopsis.

Photo 18. Building in Washington Avenue redevelopment area.

West Carteret Retail District

This redevelopment area is proposed to include mixed-use infill development to complement surrounding neighborhood retail and commercial uses.[48]

[48] Beacon Planning and Consulting Services, LLC, "West Carteret Retail District Redevelopment Plan, Carteret NJ," Synopsis.

Lower Roosevelt Redevelopment Area - Gateway at Carteret (Multifamily Residential)

This area is an assembled parcel formerly consisting of dilapidated residential and miscellaneous commercial uses.[49] Cleared, the new development underway currently consists of 48 townhouses and 130 rental condominium units. Future phases will add an additional 262 apartment units and 35,000 square feet of retail to the mix. The developer agreement in place is with Kaplan Communities.[50]

Photo 19. Gateway at Carteret.

[49] Beacon Planning and Consulting Services, LLC, "Lower Roosevelt Redevelopment Plan, Carteret NJ," Synopsis.
[50] Carteret NJ, "Gateway at Carteret Redevelopment Agreement with Kaplan Companies, and all amendments," Synopsis.

Middlesex Avenue Mixed-Use District

This redevelopment area consists of three apartment complexes that were found by the Borough to qualify as an "area in need of redevelopment." These apartment complexes exhibit a crime rate significantly higher than the surrounding areas. In their current state, these apartments act to deter future market rate housing development in the surrounding area (i.e. the future Waterfront District).[51]

Photo 20. Middlesex Avenue Redevelopment Area.

The following are development areas where developers invested in sites and, with government cooperation, turned them into successful real estate ventures.

[51] Beacon Planning and Consulting Services LLC, "Middlesex Avenue Redevelopment Feasibility Study, Carteret NJ," Synopsis.

Driftway Landfill - Phase 1 (iPort12)

This is a 1.264 million square foot distribution complex that is adjacent to the improved NJ Turnpike Exit 12 Interchange. Developed via a joint venture between Slayton Properties and Panattoni Development, this project was the recipient of PILOT monies paid for by an annual service charge, which covered site improvements and related public works. An annual service charge is a payment in-lieu of taxes that is applied to debt service. The debt service is bond proceeds that pay for site qualifying improvements.[52]

Driftway Area II

This parcel, also known as "Salt Meadow Marshlands," is located adjacent to iPort 12. It encompasses land along the Rahway River formerly owned by Cytec as well as part of a closed Borough landfill. The creation of a redevelopment plan for Driftway Area II is awaiting the end user to be designated as the redeveloper.

D. Private Redevelopment Projects

The following projects represent privately proposed developments for previously developed sites in Carteret. These projects did not involve the designation of a redevelopment area or the adoption of a redevelopment plan. Some projects received financial assistance in the form of tax abatements or PILOTs.

Port Reading (in Conjunction with Woodbridge)

This is a master planned distribution/logistics complex that straddles the Carteret-Woodbridge border. Located in the Port Reading area of Woodbridge, it is a market rate development that is designed to be a multi-modal regional logistics and trade center. One building, roughly 500,000 square feet at 50 Middlesex Avenue, resides on the Carteret side. It is complete and fully occupied. The remaining buildings of this 4 million square feet project are located in Woodbridge and are currently being developed. [53]

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[52] Carteret NJ, Titan Panattoni iPort 12 Redevelopment Agreement, " Synopsis.
[53] ProLogis LLC, Port Reading Redevelopment Website, http://prologisportreading.com/.

Bristol Station (Multifamily Residential)

This is a market rate luxury multifamily residential complex. The project was built without any financial assistance from Carteret.[54]

Photo 21. Bristol Station apartment complex.

[54] Kathy Shaw, Carteret NJ Economic Development Director, Interview.

Meridian I and II (Atlantic Realty/Middlesex Management-Multifamily Residential)

This is a market rate luxury multifamily residential complex. It was built without any financial assistance from Carteret.[55] Because it involved the sale of land owned by Carteret, it was subject to a redevelopment agreement. To compensate for the added services such a project would require, the Borough received $500,000 towards a new Department of Public Works complex. This is in addition to the $4,750,000 purchase price the Borough received for the sale of the land ($25,000 per unit * 190 units), less an amount not to exceed $500,000 towards site remediation. [56]

Photo 22. Meridian Terrace apartments.

[55] Ibid. where is the rest of this footnote?
[56] Carteret NJ, "Redevelopment Agreement by and between Carteret and Meridian Terrace, LLC," July 24, 2003, Synopsis.

Burger Express (Retail Restaurant - Local Landmark)

A local landmark, this 5,000 square foot restaurant/tavern utilized a tax abatement from Carteret to enable its relocation from Roosevelt Avenue to Washington Avenue. This move was prompted by the pending acquisition of the Burger Express site for the widening of the NJ Turnpike Exit 12 Interchange.[57]

Photo 23. New location for Burger Express.

[57] Carteret NJ, "Cluck U Time Chicken/Burger Express Redevelopment Agreement,"Synopsis.

Amax/White Rose (Food Processing/Warehousing)

White Rose Foods utilized a tax abatement from Carteret to improve and expand on buildings left over from the former AMAX occupant. Likewise, Vanguard Logistics leased, commencing in 2009, a newly constructed building on AMAX land. Vanguard also utilized a tax abatement from Carteret. It appears that the tax abatements used for these projects emanated from a "master tax abatement" that was initially approved for AMAX in 1992 and subsequently re-approved in 1998 and 2003.[58]

Of the AMAX holdings, only 50 acres or so remains in the vicinity of 24 Middlesex Avenue, behind the primary White Rose facility. The site is suitable for a warehouse/distribution facility when it is fully remediated. The site was designated as "an area in need of redevelopment" in February 2010, but the Borough has not yet adopted a redevelopment plan for the area.[59]

E. Directed Development Successes

Master planned districts set the stage for organized redevelopment. They direct uses to appropriate locations, prioritize projects according to the multiplier effects they can generate, and optimize public monetary incentives assigned to any resulting development activities. Over the last 10 years, all the projects developed in Carteret have brought the Borough large increases in revenue or didn't cost the Borough any additional money with three notable exceptions. AMAX Real Estate received carried over tax abatements for the addition to the White Rose headquarters building, the White Rose Trucking facility, and the Vanguard distribution facility. During the past ten years, the net effect of the incentives for all commercial properties developed over this timeframe is "break even." For residential/multifamily properties, the net financial effect is positive since most of the projects were market based without any incentives. One project with incentives (Gateway at Carteret) has not utilized its full bonding capacity yet; thus it is still in positive territory.

The benefits derived from all development projects over the last 10 years are available in the appendix of this report. Tables 16 and 17 contain a summary of the gains from development activity in Carteret. These gains are calculated by subtracting abated taxes from the advance payments required by the redevelopment agreements (Borough reimbursements, impact Fees, redeveloper Fees, etc.). Taxes for market rate residential projects are excluded from this analysis. The buildings were not constructed new from the ground, or if they were, either bond PILOTs consumed any gain in ratables or the improvements were not assessed additionally to

[58] Carteret NJ Financial Office, "AMAX Tax Abatement agreements 1992, 1998, 2003," provided by Carteret NJ Chief Financial Officer.
[59] Beacon Planning & Consulting Services LLC , "AMAX Redevelopment Assessment, February 1, 2010 Draft Report for Carteret."

the base building, thus eliminating any gain from those improvements. The only exceptions are with the new market multifamily projects (Bristol Station, Meridian Square and Meridian Terrace). The annual taxes combined for those projects increased from a minimal amount in 2000 to $1,830,653 annually by 2010.

Meridian Terrace is subject to a redevelopment agreement. However, any gain from developers contributions is offset by the total cost of the new Department of Public Works (DPW) facility ($1.25 million)[60]. In this situation, much of the gain came from the eventual land sale, which netted the Borough approximately $4 million, after additional costs for remediation as well as the construction of the new DPW facility.

Future Performance of Projects

Incentives are used on occasion as "loss leaders" in order to facilitate development in instances where it would not take place otherwise. It overcomes environmental contamination, compensates for risk from neighborhood stigma, and provides infrastructure support and services for places that wouldn't have it otherwise. That is why fiscal losses from uncollected taxes need to be to be viewed not in terms of taxes foregone, but as an investment whose dividends will be market rate development in the future. As a corollary, the "market taxes" that are foregone are really an illusion, because without the PILOT bond investment, the development would never have taken place and the resulting taxes would never have been earned.

Tables 18 and 19 illustrate results from the projects that utilized bond PILOTS: iPort 12, Kinder Morgan and Gateway at Carteret.

The Gateway at Carteret project has generated a huge benefit because of the low PILOT amount spent with high PILOT capacity available. Without the project in place, little, if any, ratables would be generated from the site since the neighborhood was formerly characterized by high crime and blighted buildings.

For iPort 12, the PILOT deficit is equivalent to total benefits before taxes. The benefits are infrastructure improvements that make the project possible and serve to spur additional development in the surrounding area. Spread out over the next 30 years, the cost of these benefits is $709,000 annually. For Kinder Morgan, the PILOT has not been determined since the project has not commenced. $1.65 million in up-front fees are already called for and the ratable is worth $35.5 million. In both situations, without the project, little if any ratables would be generated from these sites. The purpose of the PILOT was to "prime the pump" for development.

The Chrome Waterfront Redevelopment Agreement calls for the developer to pay the Borough $1.50/square foot for commercial space and $2,500 per dwelling unit. For

[60] Carteret Press Release, November 9, 2007.

dwelling units in excess of 700, the Borough is entitled to a bonus of the difference between 1.25 percent of the purchase price and $2,500 per unit. This is added to redevelopment fees already paid to the Borough ($250,000) and an additional $1,750,000 to be paid following site plan approval for Phases 1, 2 and 3. No provisions for PILOTs have been made to date with regard to the Chrome Waterfront redevelopment project.

Table 16
New Commercial Development Gains
Carteret, New Jersey

Building	SF Size	Year Built	Benefits before Taxes	Benefits - Term Differential	Comments
Goldman Sachs Data Center	192,000	2008	$ -	$ -	Full Market Rate Development as of 2010. No additional assessment from 2006-2010.
Verizon	130,000	2010	$ 250,000	$194,550	Improvements Incomplete
Radisson Hotel	69,500	2007	$ 10,000	$(55,543)	Abatement Expires in 2010. In technical default for arrears. This assumes payment in full.
Dr. Pepper/ Snapple (Schwepps) Manufacturing	102,802	2007	$ -	$ -	Occupant Relocation into Existing Buildings. No abatement; full market deal.
Dr. Pepper/ Snapple (Schwepps) Manufacturing	79,933	2007	$ -	$ -	Occupant Expansion into Existing Buildings. No abatement; full market deal.
Dr. Pepper/ Snapple (Schwepps) Manufacturing	27,879	2007	$ -	$ -	Occupant Expansion into Existing Buildings. No abatement; full market deal.
White Rose Manufacturing	151,389	2005	$ -	$(485,172)	Occupant Expansion into new Building - Expired Tax Abatement (2004-2008)
PC Richards Retail (Incl. Leased Part of 300K SF)	348,341	2007	$ 785,799	$422,734	Abatement Expires in 2014. Leased portion will be purchased by PC Richards in 2013/2014
Burger Express	10,890	2008	$ 15,000	$8,296	Abatement Expires in 2014.
ProLogis Warehouse	489,026	2007	$ -	$89,320	Abatement Expires in 2012.
Vanguard Warehouse	395,786	2008	$ -	$(622,003)	Abatement Expires in 2014.; Improvements incomplete - Requires Adjustment. Agreement Signed 12/2003
White Rose Warehouse (Addition)	105,800	2009	$ -	$(660,327)	Abatement Expires in 2014.; Improvements overestimated? - Requires Adjustment. Agreement Signed 12/2003
Warehouse iPort 12 (For 2009-2010)	1,264,734	2009	$ 2,663,285	$1,113,077	$1.5 Million in Federal Grants Used for Phase 1 Acquisition; $30 Million in bonds used, secured by PILOT ASC's. If site is transferred, Borough is paid $150K per transfer
Stone Quest Marble Warehouse	22,970	2008	$-	$ -	Occupant Relocation into Existing Buildings. No abatement; full market deal.
Total	**3,391,050**		**$3,724,084**	**$4,932**	

Source: Carteret Tax Records 2010, Individual Project Redevelopment Agreements as specified.

Table 17
New Multifamily Development Gains
Carteret, New Jersey

Building	Square Feet	Year Built	Total Benefits before Taxes	Benefits - Term Differential	Comments
Meridian Square	235,518	2001	$ -	$ -	Building Assessment Reduced from $7,779,200 to $5,378,200 in 2008. Reduced taxes started in 2009. No tax abatement agreement in place.
Bristol Station	360,486	2007	$2,278,000	$2,278,000	Market Rate Development
Meridian Terrace	228,808	2007	$ -	$ -	Market Rate Development. Redeveloper agreement calls for no tax abatement, but CFO states that agreement exists, but no tax reductions taken. Taxed at 100%.
Total			$2,278,000	$2,278,000	

Source: Carteret Tax Records 2010, Individual Project Redevelopment Agreements as specified.

Table 18
Gateway at Carteret
Carteret, New Jersey

	Condominium (Temporarily Treated as Rentals)	Townhouses
Square feet or Number of units	56,860 (to be larger)	48 units
Year Built	2011	2012
Benefits Before Taxes	$7,383,778	$-
PILOT	Yes, 35 years	Yes, 35 years
Tax Abatement	Yes, one year from 2011 project completion (2012)	Yes, determined by PILOT, which is to be established
Market Taxes from 2010 to end of 35 Year PILOT	$61,401,691	$1,475,980
PILOT on Improvements @3% interest	$24,279,757	Not applicable
Total Tax differential Compared to Comparable (Essex St. TH)	$9,329,468	$1,993,286
Benefits – Term Differential	$53,835,180	$3,469,266
Comments	Site assemblage/condemnation paid through PILOT ($4.5 million, including debt service and closing costs). Total borrowings to date; $6,250,000. Includes $1,750,000 for Borough contribution to site improvements. PILOT can be as much as $13 million+	32 townhouses completed, but have not been billed for taxes even though the financial agreement calls for owners to pay fair share. PILOT amounts are being "rolled over," which prevents any obligation to the property owner.

Source: Carteret Tax Records 2010, Individual Project Redevelopment Agreements as specified.

Table 19
Industrial Project Outcomes
Carteret, New Jersey

	iPort 12 Warehouse	Kinder Morgan (Liquid Storage)
Size (square feet)	1.264 million	0 tanks
Year built	2009	2011
Total benefits before taxes	$30,450,000	$1,650,000
PILOT	Yes, 30 years	Yes, 5 years
Tax abatement	Building exempt; Land reduced	Building exempt
Land taxes over 30 years with 4% annual increases "A"	$8,856,144	TBD
Market building taxes over 30 years with 4% annual increases "B"	$101,752,068	TBD
Unpledged service charge (left over tax) "C"	$5,226,607	TBD
$30 million PILOT on improvements annual service charge "D"	$66,398,535	TBD
Market PILOT – unpledged service charge ("C"+"D"-"B") or "E"	($30,126,926)	TBD
"E"-"A" (30 years)	($709,026)	TBD
Comments	$1.5 Million in Federal Grant $ used for Phase 1 acquisition; $30 Million in bonds used, secured by PILOT ASC's. If site is transferred, Borough is paid $150K per transfer.	PILOT is to be determined based on site requirements.

Source: Carteret Tax Records 2010, Individual Project Redevelopment Agreements as specified.

ROADWAY IMPROVEMENTS

One of the key factors contributing to Carteret's success with redevelopment is its location along the New Jersey Turnpike, adjacent to the Arthur Kill and Port Newark/Elizabeth, and its historical connections to freight rail links controlled by Conrail. This location provides critical access to tremendously busy port and freight transportation corridors.

Tapping into that commercial activity drives several regional redevelopment initiatives. This include, specifically, the "Portfields initiative," which was instituted to relieve congestion in Port Newark - Elizabeth through the release of excessive pent-up demand.[61] The Portfields initiative spearheaded the redevelopment of former heavy manufacturing sites located near Port Newark - Elizabeth into a cluster of warehousing and distribution sites offering "close in" support to the Port.[62] It advanced the principles of smart growth by avoiding the added transportation expenses (labor, time and fuel) associated with utilizing facilities located in the exurban farmlands that surround NJ Turnpike Exits 8A, 8, 7A and points south. The Portfields are located from Kearny to Woodbridge/Perth Amboy (NJ Turnpike Exits 15 to 10). Since Carteret is located in the middle, at Exit 12, regional plans regarding all Portfields benefited Carteret by default.[63] During the last decade, Carteret leveraged that position into having the NJ Turnpike Authority improve access at the Exit 12 Interchange. That generated multiplier effects, such as the completion of the Peter J. Sica Industrial Highway. Both supported significant industrial, commercial, and residential development. The development promoted local efforts by Carteret to obtain grant money and to proceed with local roadway improvement programs at reduced taxpayer impact.

[61] Illene Dorf Manahan, "What Exit? Warehouse and Distribution Centers Thrive Along the NJ Turnpike," NJ Business, October 2005.
[62] New Jersey Transportation Planning Agency, Plan 2035, Page 101
[63] Plan 2035, Page 48 (Map)

A. Regional Investment

In Plan 2035, the forecast for future transportation expenditures, the NJ Transportation Planning Authority recognizes as one of three key elements "the importance of freight to the region's economy and calls for investments and policies that will help the region handle a projected doubling of cargo with multiple transportation modes, including more efficient truck shipment and a greater role for rail, air and marine freight".[64] Investments improving access in and out of the NJ Turnpike are consistent with this intent. They also open up vacant and underutilized land for redevelopment.

1. NJ Turnpike – Exit 12 Interchange Improvements

In 2000, the New Jersey Turnpike Authority floated more than $1.4 billion in debt for new construction projects, which was covered by toll increases in 2001, 2003, 2008 and 2012. Among the numerous projects this funded, including the widening of the interchanges at Exits 6 - 8A, the installation of EZ Pass, and the construction of the interchanges at Exit 15X (Secaucus Junction), was the reconstruction of the interchange at Exit 12. The reconstruction was designed to relieve truck traffic through the area and to promote Brownfields development in Carteret and neighboring Linden. The $150 million reconstruction plan included the demolition of several oil tanks, the construction of new flyover ramps linking to Roosevelt Avenue and a new road from a nearby industrial area to the Turnpike connector, the widening of existing bridges, and an expanded toll plaza. Additionally, a new grade separated interchange-ramp was constructed from Roosevelt Ave east that connects to the tollgate, which was itself was widened from 7 lanes to 17.[65] This project was completed in April 2010[66] and is to be complemented by the Tremley Road connector. The Exit 12 interchange is named as a site for "future freight improvements."[67]

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[64] Plan 2035, Executive Summary Synopsis.
[65] "NJ Turnpike," NYC Roads Website, www.Nycroads.com.
[66] ASK KATHY SHAW OR RON MCPHEE IF THE PROJECT WAS COMPLETE IN APRIL 2010...CITATION NEEDS CORRECTION
[67] Plan 2035, Page 78

Photo 24. New toll plaza at NJ Turnpike Interchange 12.

Tremley Point Access Road

Plan 2035 identifies the Tremley Point Road, in tandem with Turnpike Exit 12, as sites for "future freight improvements."[68] As part of Plan 2035 and the Portfields initiative, the NJ Turnpike Authority is constructing a 1.1-mile road, called the "Tremley Point Road Connector," between Industrial Way in the Borough of Carteret to Tremely Point Road in the City of Linden. Intended to commence in 2011 or 2012, the road includes a $34 million bridge over the Rahway River - a sum already funded with federal stimulus money.

[68] Plan 2035, Page 78.

According to the NJ DOT, the official purpose of this connector is to "help meet the fast-growing commercial needs of the New York/New Jersey metropolitan region and ensure the continued efficiency and competitiveness of the numerous cargo loading/unloading facilities that operate within the Port of New York and New Jersey (Port)."[69] When complete, the road will open up for redevelopment numerous abandoned and underutilized "brownfields" in Linden, since these properties will now have direct access to the New Jersey Turnpike.

A concern of Carteret is that when Tremley Road is complete, the added truck traffic from new facilities at Tremley Point will increase traffic on the already congested "Roosevelt Avenue Bridge", which connects Carteret to West Carteret over the NJ Turnpike. Thus, any work on Tremley Road would need to include widening the NJ Turnpike Authority controlled Roosevelt Avenue Bridge. That issue is currently being negotiated, with the Turnpike Authority attributing the congestion to a faulty intersection at the base of the bridge in West Carteret, "currently out of Turnpike jurisdiction"[70]. In response, Carteret is utilizing a 2005 grant for preliminary planning and engineering services to redesign the intersection. The Borough also has applied for federal funds for bridge improvements.[71]

The best path for the road to follow is to bisect the Carteret Landfill in Driftway I, close to its border with Cytec's property at Salt Meadow Marsh (Driftway II). To best leverage any development potential based on the location of Tremley Road requires an extensive redevelopment analysis and well thought out strategy for the Salt Meadow Marsh. The plan would not only need to take into account the new road location, but also the fact that much of the soils surrounding it are "soft" and not suitable for conventional construction.[72]

2. Peter Sica Industrial Highway

The NJ Department of Transportation Portway Study identified Roosevelt and Industrial Avenues expansions, extensions and improvements as "necessary to provide access for trucks to Carteret and Port Reading. If completed, land use development is anticipated to occur rapidly within this area over the next 10 to 12 years, tapering off thereafter. Implementation of roadway improvements to supplement the short haul rail spine accessibility will greatly enhance the operations in this area."[73]

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[69] Paulus Sokolowsky & Sartor Tremley Point Road Location Analysis and Environmental Assessment 2008, Page 1.1
[70] Rommel, Leo "Construction on Turnpike Exit 12 Nearly Complete; Carteret Mayor Fears Congestion, Courier News of Central New Jersey, May 17, 2009
[71] Rommel, Leo "Exit 12 Turnpike Project Nearly Complete in Carteret," Courier News of Central New Jersey, October 5, 2009.
[72] Paulus Sokolowsky & Sartor Tremley Point Road Analysis, Page 2.7 - 2.10
[73] NJ Portway study, as cited in Plan 2035, Synopsis.