

Tax Credit Industry Events



Historic Rehabilitation Awards

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Hahne & Co. Building

Nominee

Award Category:
Residential Major Community Impact

Property Name:
Hahne & Co. Building

Developer:
L+M Development Partners Inc.

Owner:
609 Holdco LLC (an affiliate of L+M Development Partners Inc.)

Location:
New York, N.Y.

Category Explanation

The project owner’s business activity is focused on development, including construction of new facilities and rehabilitation/enhancement of existing facilities, as well as property management.

Brief Description of Development

The redevelopment of the historic Hahne & Company Department store building will result in the revitalization of a long-vacant property and invigorate the surrounding community with more than 75,000 square feet of retail, 160 residential units, including affordable housing, and 100,000 square feet of commercial, community and office uses. In honor of the building’s historic significance, the project will preserve key elements of the structure including the original façade and famed, expansive skylight. The first floor will feature a shared lobby and public atrium that will connect the Hahne & Co. building to a newly constructed, mixed-use building on a vacant lot on the corner of Halsey and New Streets.

But-For Statement

No, it would not have been possible. The use of new markets tax credits enabled the project to lower the rental burden for its tenants, including attracting a best-in-class grocer to Downtown Newark and preserving City National Bank of New Jersey’s headquarters in Newark.

Narrative Statement

Mission

Once considered one of the nation’s largest industrial hubs, the City of Newark fell victim to decline and urban blight in recent decades—but today the city is experiencing a renaissance as new development projects begin to rise downtown. The Hahne’s redevelopment is a \$174 million, public-private partnership that will result in mixed-income housing, new street-level retail space, Newark’s first Whole Foods grocer, an arts and cultural center for Rutgers University, and hundreds of new permanent jobs and construction jobs.

The 400,000 square-foot Hahne’s building—once the jewel in the crown of Newark—has stood vacant for nearly three decades. Once restored, the building will serve as a hub for artistic and technological innovation, helping to create a 24-7 community downtown.

The project is a crucial component in the revitalization of downtown Newark because it will preserve an existing asset while bringing fresh life to the community and local economy.

It is also indicative of L+M’s mission to develop, build, and manage innovative, quality housing with integrity while improving communities and transforming neighborhoods into healthy, vibrant, and economically secure communities. The revitalization of Hahne’s demonstrates how historic preservation can spur development and strengthen mid-size cities across the country.

Community Impact

At L+M, we know that quality housing isn’t the whole story and therefore take a holistic approach to development and community investment. In conjunction with Newark’s surge of development, the Hahne’s redevelopment is a major step in establishing Newark as a dynamic center for jobs, arts, and culture. The project was designed to promote the creation, exhibition and dialogue around arts and communication and will include a new facility for the Department of Arts, Culture, and Media at Rutgers University. The facility will feature a 250-seat auditorium style classroom, studio and gallery space for campus arts programs, and a new teaching and work environment for more than 60 Rutgers faculty and staff.

The project will also house Newark’s first Whole Foods Market, a nationwide supermarket chain that sells only food without artificial preservatives, colors, flavors, sweeteners, and hydrogenated fats. In addition to bringing much-needed foot traffic to Broad Street, the inclusion of a Whole Foods will help promote healthy living by improving the availability of fresh and nutritious food for Newark residents. Whole Foods will also supply permanent jobs to the community.

The development will contain 160 residential units, 40 percent of which—or 64 units—will set aside as quality, affordable housing for low-income and working families earning between 40 and 60 percent Area Median Income (AMI). Affordable homes are a critical part of a community’s housing mix and have been shown to improve well-being and provide new opportunities for families in need.

Residential Units:

- 160 residential units in total
- 54 units reserved for households earning at or below 60% of area median income and 10 units reserved for households earning at or below 40 percent of area median income (64 affordable units total)

Retail, Office, Other (square footage for each non-residential category):

- 75,000 square feet of retail (including 28,000 square foot flagship Whole Foods Market and headquarters for City National Bank of New Jersey, an important community bank)
- 100,000 square feet of commercial, community and/or office uses (50,000 square feet of institutional space dedicated to Rutgers University use)
- Underground parking garage for 220 vehicles

Civic/ Public Uses:

- The Rutgers institutional space will become the new home of the Department of Arts, Culture, and Media, creating a new teaching and work environment for more than 60 of the University’s staff and faculty.
- Additionally, the space will include a 250-seat, auditorium-style classroom for general use of all departments.
- The Whole Foods Market will deliver healthy food options and significant employment opportunities to the neighborhood.

Innovative Financing

The renovation was financed through a partnership among public, non-profit and private groups. The sources of funding include: \$66 million from the New Jersey Housing and Mortgage Finance Agency (HMFA); \$40 million from the New Jersey Economic Development Authority; \$67 million of private equity and tax credit equity from Goldman Sachs; as well as financing from Prudential Financial, Citi and sponsor equity.

The historic building was divided into separate condominium structures based on the primary use of each component (residential and two commercial condos). Each component of the project is eligible for tax credits from different programs, including low-income housing tax credits, historic tax credits and new market tax credits. Each of the commercial condos received allocation(s) of new markets tax credits from an affiliate of New Jersey Community Capital and / or an affiliate of Goldman Sachs. The use of new markets tax credits enabled the project to lower the rental burden for its tenants, including attracting a best-in-class grocer to Downtown Newark and preserving City National Bank of New Jersey’s headquarters in Newark.

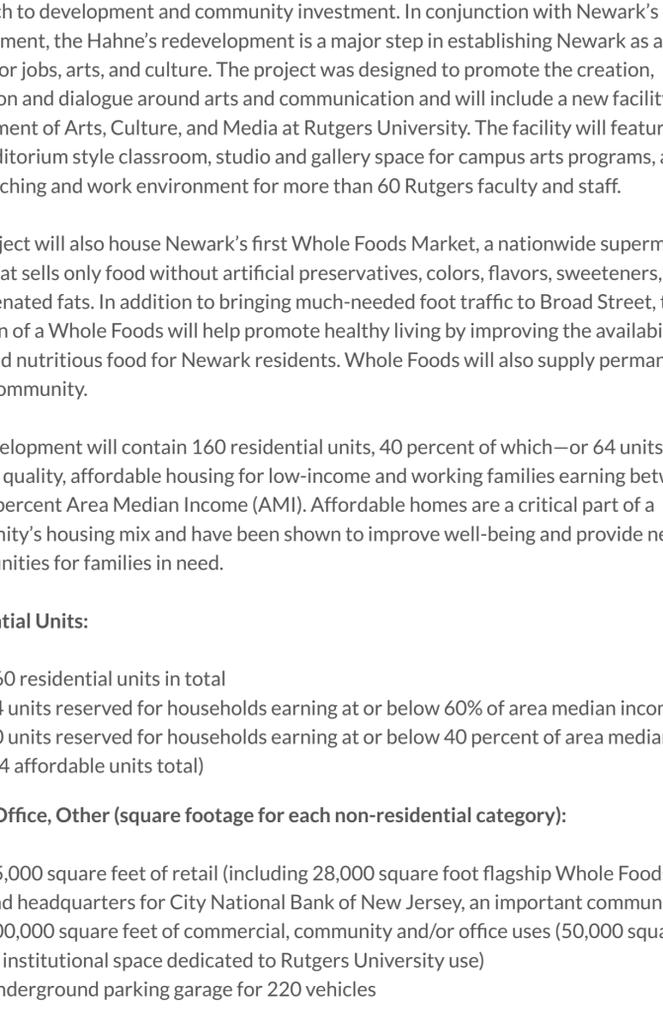
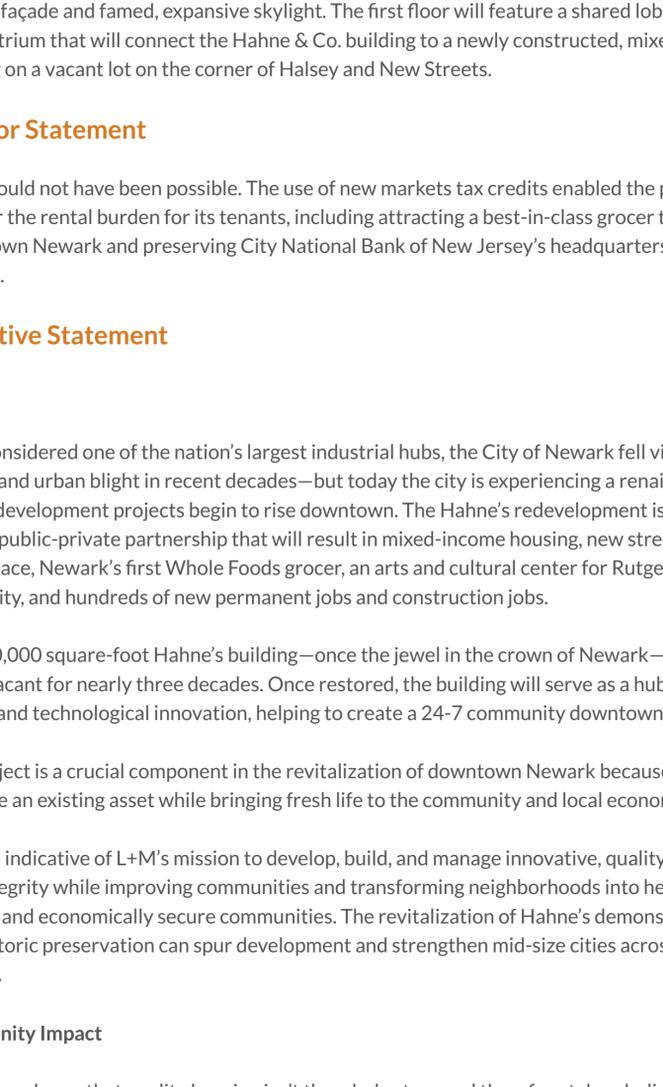
In addition, the project received support from several nonprofit finance organizations, including New Jersey Community Capital, the Low Income Investment Fund and The Reinvestment Fund. The project also received a tax abatement approved by the City of Newark.

Achievement of Goals

To achieve positive change in low-income and underserved communities, it is essential to marshal the resources and expertise of public, non-profit and private sectors. L+M has partnered with Goldman Sachs, Prudential, Citibank, LIIF, NJ Community Capital, the City of Newark, the State of New Jersey Housing and Mortgage Finance Agency, the Economic Development Association of New Jersey, Crawford Street Partners and Hanini Group to make this important project a reality.

The Hahne’s redevelopment project blends much-needed mixed-income and affordable housing with retail, commercial and educational uses to catalyze economic development, create jobs and reestablish Newark’s identity as a center for art and commerce.

Photos



Hahne & Co., Grand Court—Main Aisle, Newark, New Jersey’s Greatest Store