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3 Developments Approved for Aspire Tax Credits

First Aspire Program approvals to bridge financing gaps for three projects comprised of a combined 728 housing units

ON MAY 15, 2023

Three residential development projects representing a combined \$338 million in investment in underserved New Jersey communities were approved for support on Wednesday by the Board of the New Jersey Economic Development Authority (NJEDA). The projects, located in Camden, Morristown, and Newark, which will create or rehabilitate 728 safe, modern housing units, were approved under the Aspire Program for tax credits to help bridge financing gaps.

Aspire is a place-based economic development program created under the New Jersey Economic Recovery Act of 2020 (ERA), signed by Gov. Phil Murphy in January 2021. The program supports mixed-use, transit-oriented development by providing tax credits to commercial and residential real estate development projects that have financing gaps.

"The three projects approved this week embody the values on which the Aspire program is based and will help to advance the ERA's goal of a stronger, fairer economy by encouraging investment in communities that have long been overlooked," said Gov. Murphy. "High-quality housing for New Jersey families is in high demand, and it's exciting to see transit-oriented development and affordable housing prioritized."

Over 80%, or 588 of the units that will be supported by these approvals today, are designated as affordable and target households making 60% or less of the area median income.

In Camden, co-applicants Hudson Valley Property Group and Hearthstone Housing Foundation will undertake an extensive renovation of the Northgate 1 Apartments. The project was approved for up to \$46.5 million in tax credits, or up to 45 percent of total eligible project costs of \$103.5 million, for the rehabilitation of the development's 321 units in a 21-story building, built in the 1960s, located at 433 North 7th Street.

Renovations and upgrades will include modernization, and energy efficient systems and appliances. Additionally, remediation work is needed due to environmental conditions, including lead-based paint, lead in water, perchloroethylene in groundwater, underground storage tanks, asbestos, and water intrusions.

In Morristown, Manahan Village will undergo substantial rehabilitation and long-term preservation of 200 existing units of affordable housing. The project, which is located at 33 Clyde Potts Drive, 6-10 Flagler Street, 14 Flagler Street, and 9-21 Flagler Street, was built in the 1940's.

The site is currently owned by the Morristown Housing Authority, which has provided a ground lease to Aspire applicant OAHS Manahan Village LLC. The co-applicant is Morristown Family Aspire LLC, which is wholly owned by the Morristown Community Development Corporation, an instrumentality of the Housing Authority of the Township of Morristown.

The applicant was approved for Aspire tax credits of up to 35.21 percent, or \$24.6 million, of eligible project costs of \$70 million.

In Newark, The Metropolitan will be a 23-story high-rise, mixed-use building located at 260-272 in the city's downtown Central Business District. The location is within walking distance of Newark Penn Station, the Newark Light Rail, and several bus stops. The project will consist of 207 residential units, 67 of which will be affordable, plus 4,000 square feet of ground-floor retail space.

The project was approved for up to \$49.8 million in Aspire tax credits, which represents 45 percent of eligible project costs of \$110.7 million.

The applicant is comprised of a partnership between The Hanini Group LLC, with a 75 percent stake, and Shift Catalyst, with a 25 percent stake. The Hanini Group and its affiliates have been a significant player in downtown Newark. Some of its notable projects include Hahne & Co., Hotel Indigo, and The Peoples Bank Building in Passaic.

The amount of Aspire tax credits a project is eligible to receive is a percentage of the project's eligible costs, subject to a cap that is determined by the project's location, other financing available, and other

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costs, subject to a cap that is determined by the project's location, other financing available, and other aspects of the project. Most projects are eligible for tax credits up to \$42 million, but projects that meet specific criteria may receive tax credits up to \$60 million. Projects that meet certain parameters can qualify as "transformative projects," which may receive tax credits up to \$350 million.

To be eligible for Aspire program tax credits, a project must be located in an eligible incentive location, which may include: Planning Area 1, Aviation District, Port District, or Planning Area 2 or other Designated Center that is within a half mile of a rail transit station or a high frequency bus stop.

The Aspire program application, as well as complete rules, eligibility requirements, award sizes, and other information, are available at <https://www.njeda.com/aspire>.

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