

2 TALL TOWERS, 1 MASSIVE BREAK



RENDERING of the proposed Journal Square towers' retail base.

Push for 'biggest discount' on developer's taxes

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The Jersey City City Council gave the redevelopment of Journal Square a boost forward last night when it introduced the most generous tax abatement package in the city's history for a landmark two-tower development.

The abatements call for payment in lieu of taxes to the city of 10 percent of gross annual revenues for the mixed-use 68- and 50-story towers over the next 30 years.

Under the terms of the three agreements — two for the towers and one for a seven-story pedestal of retail space and parking — the city would see revenue of \$500,000 in the first year, \$1 million in the

second and \$1.5 million in the third year, said Business Administrator Brian O'Reilly.

The payments would then increase to \$2 million annually in years four to seven, \$2.5 million in years eight to 19, and be \$3 million in each of the remaining years, he said. The developer would lease the buildings to an intermediate entity. The city's 10 percent share would be based on that lease agreement, not the higher amounts collected in rents.

O'Reilly said he did not know how much of a break that would mean for the developer, MEPT Journal Square Urban Renewal, LLC.

"There's no doubt this is a big tax concession," he said. "This is the biggest discount

on property taxes the city has ever given to any developer."

But city officials and the developer say the long-term payoff will be huge, bringing in more than \$50 million in Urban Enterprise Zone revenue, parking taxes and permit fees and adding \$2.8 million to the city's affordable housing trust fund.

The \$400 million project on 1.5 acres next to the PATH Transportation Center is planned to have 1,615 rental units, 70,000 square feet of retail space and 700 parking spaces.

The developer and city officials have insisted the project would be financially impossible without the tax abatement.

O'Reilly said the project is unique because it is being self-

financed by its majority partner, the Maryland-based Multi-Employer Property Trust, and is therefore insulated from the credit crunch. MEPT is a national real estate equity fund that invests union pension funds.

The abatement could be finalized after a public hearing at the next City Council meeting, Nov. 25.

The 68-story north tower will be built first, officials said. Construction is expected to begin within the next few months.

The City Council also adopted a resolution designating the surrounding area as "an area in need of rehabilitation," allowing the city to advance its plans to redevelop Journal Square.