



Entry Form 2017 Annual Awards for Program Excellence

Entry Deadline: Thursday, June 15, 2017, Midnight ET

Each entry must include a completed entry form. Please complete a form for each entry your HFA is submitting. The completed entry form will become the first page of your entry.

This form is a fillable PDF. Type your information into the entry form and save it as a PDF. Please do not write on or scan the entry form. **Questions: Call 202-624-7710 or email awards@ncsha.org.**

Entry Title: Enter your entry's title exactly as you wish it to be published on the NCSHA website and in the awards program.

Hahne & Co.: Former Department Store Re-Opens as Mixed-Income, Mixed-Use
Community

Category: Rental Housing

Subcategory: Encouraging New Production

Entry Summary: A 15-word (max) summary of the program, project, or practice you are entering.

The revitalized Hahne & Co. department store provides new housing, retail, jobs and educational opportunities.

HFA: New Jersey Housing and Mortgage Finance Agency

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Visual Aids:

Are you mailing to NCSHA 10 copies of any visual aids that cannot be included in your entry PDF? Yes No

Payment:

- My HFA is mailing a check to NCSHA.
- My HFA is emailing the credit card authorization form to awards@ncsha.org.

THE NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY

NOMINATES

HAHNE & CO.

FORMER DEPARTMENT STORE RE-OPENS
AS MIXED INCOME, MIXED USE COMMUNITY



FOR THE
2017 NCSHA AWARDS
FOR PROGRAM EXCELLENCE

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
HAHNE & CO: FORMER DEPARTMENT STORE RE-OPENS AS MIXED-INCOME, MIXED-USE COMMUNITY
CATEGORY: RENTAL HOUSING/ENCOURAGING NEW PRODUCTION

INNOVATIVE:

The redevelopment of the former Hahne & Company department store is innovative on several fronts, featuring:

- An adaptive reuse of an early 20th century Newark landmark into a tax revenue-generating entity
- Revitalization of a 400,000 square foot, deteriorating building into a vibrant mixed-use community
- Creation of much needed affordable and market-rate housing in a key revitalization area
- An influx of new job opportunities, and retail and educational offerings into downtown Newark
- A highly successful, award-winning public and private partnership (P3)

For nearly 85 years, the Hahne & Co. department store stood as the crown jewel of downtown Newark. When it opened on Broad Street in 1901, this lavish landmark drew a loyal following of the city's wealthiest families. Following several changes in ownership, the store closed in 1986. For the next 29 years, this once magnificent retail palace stood vacant and boarded up – a long lingering vestige of the golden age of department stores. The Hahne & Co. redevelopment transformed the landmark building into a key destination that now plays a central role in the economic revitalization of the city's historic downtown. The newly completed mixed-use development now provides affordable and market-rate housing, retail, jobs and educational opportunities in its new role. The project was hailed by Newark Mayor Ras Baraka as “an example of how public and private partners can collaborate for the good of our city.”

The New Jersey Housing and Mortgage Finance Agency (NJHMFA) spearheaded a highly effective innovative financing strategy that made the Hahne & Co. redevelopment a reality. NJHMFA's Multifamily Conduit Bond Program enables well-capitalized developers access to capital through the agency at the most competitive interest rates available, allowing developers to reduce costs, build more units, secure tax-exempt financing and 4% federal Low Income Housing Tax Credits (LIHTC). Conduit Bonds provided \$66.8 million in financing for the approximately \$175 million total development cost (TDC) of the Hahne's project. It also received 4% federal LIHTC, which is expected to generate nearly \$13.2 million in additional equity. A New Jersey Economic Redevelopment & Growth (ERG) Tax Credit Equity provided \$28.5 million, and a federal Historic Tax Credit Equity provided \$20.5 million.

ARE REPLICABLE

Redeveloping and adaptively re-using underutilized structures into viable mixed-use, mixed income developments can be replicated nationwide. Repurposing older structures and salvaging their historic integrity by redeveloping in areas with existing infrastructure and resources rather than targeting previously undeveloped land is also the “smarter” way to develop. NJHMFA is currently replicating this strategy with L+M, the Hahne's project development partner, at 540 Broad Street, Newark, involving the conversion of another 400,000-square-foot building, built in 1929 by the New Jersey Bell Telephone Company. This project will create 266 market-rate and affordable residential units, approximately 60,000 square feet of office space and up to 17,000 square feet of ground floor retail space. 540 Broad Street was added to the National Register of Historic Places in September 2005.

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RESPOND TO AN IMPORTANT STATE HOUSING NEED

Starting in the mid-1970s and continuing over the next three decades, a series of New Jersey Supreme Court cases known collectively as the “Mount Laurel decisions” established that municipalities were constitutionally mandated to provide low- and moderate-income housing. Out of these decisions came the Mount Laurel Doctrine, which requires that municipalities use their zoning powers to provide a realistic opportunity for the production of housing affordable to low- and moderate-income households. Hahne & Co. responds to this important state housing need by bringing income diversity and affordable housing opportunities to downtown Newark, which already has a high concentration of low-income housing. This project’s mixed-income offerings break that cycle by blending 96 market-rate units with 64 affordable units (for those 60 percent or less than Area Median Income) in a location just 15 minutes from downtown Manhattan by train.

DEMONSTRATE MEASURABLE BENEFITS TO HFA TARGETED CUSTOMERS

Hahne & Co.’s much-needed market/affordable rate housing, mixed-use success story involving NJHMFA as principal funder for the \$175.5 million TDC positively impacts the Newark and Essex County. Providing affordable housing in the heart of the city embodies NJHFMA’s mission, which:

- promotes construction and rehabilitation of rental housing;
- encourages mixed-income, owner-occupied housing growth;
- stabilizes urban neighborhoods;
- advances the growth and development of municipalities;
- and fosters economic development in New Jersey

The Hahne & Co. project also spurred a substantial economic impact. NJHMFA estimates the project generated more than \$278 million in one-time economic output, defined as the total value of industry production, such as sales and business revenues. During construction, 1,667 full-time jobs were supported and more than \$10.1 million contributed to state and local taxes. Now complete, the project generates approximately \$31 million in ongoing economic output, 175 full time jobs, and approximately \$1.7 million in state and local taxes annually.

HAVE A PROVEN TRACK RECORD OF SUCCESS IN THE MARKETPLACE

L+M Development Partners Inc., an innovator since 1984 in developing quality affordable, mixed-income and market-rate housing, was pushed beyond its usual expertise in purely residential development when it took on the Hahne’s project. The P3, including L + M, joined with the Newark-based Hanini Group, which specializes in development projects that contribute to the renaissance of Newark’s downtown.

Recognizing that Hahne’s location as a prominent anchor of the city’s downtown would be far more productive and useful to the community as a mixed-use project, the 175,000 square feet of retail and commercial space now includes a new 29,000-square-foot Whole Foods Market and a 10,000-square-foot Barnes & Noble College, a subsidiary of Barnes & Noble Education, Inc. The space also includes a 50,000-square-foot new home for Rutgers' Department of Arts, Culture and Media, which comprises a 250-seat auditorium-style classroom, fosters creative collaboration and includes a 3D printing studio, a photographic portrait studio, video production teaching facilities, smart classrooms and galleries.

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Celebrity chef Marcus Samuelson will also open a branch of his Harlem “Streetbird” Restaurant on the Halsey Street frontage. Other tenants include City National Bank headquarters and Petco. The Hahne’s redevelopment connects the various important corridors of downtown Newark marked by Prudential’s new 20-story office building and the city’s restoration of Military Park, both located across the street. Rutgers University, the New Jersey Institute of Technology, the New Jersey Performing Arts Center, and the New Jersey Historical Society are steps away.

PROVIDES BENEFITS THAT OUTWEIGH COSTS

Hahne & Co.’s unique blend of mixed-income housing within a mixed-use, retail setting encompassing retail, commercial, community and office uses, and new parking facilities will provide long lasting benefits for the city and its residents, as well as visitors for years to come. The former landmark department store, revitalized and enhanced with new construction, increases community diversity, expands the local tax base, drives economic growth and strengthens the city’s long-term vitality

DEMONSTRATE EFFECTIVE USE OF COMMUNITY RESOURCES

The adaptive reuse and new construction of Hahne & Co. utilized local laborers throughout the entire renovation and conversion. Moreover, the Historic James Street Commons Neighborhood Association informed the design by confirming the historic attributes of the building. Finally, Rutgers University-Newark made the project possible by committing to take on 50,000 square feet for the arts collaborative.

EFFECTIVELY EMPLOYS PARTNERSHIPS

The Hahne & Co. conversion’s public-private partnership formation began in 2013 when L+M Development Partners, Goldman Sachs, Prudential, Citibank and The New Jersey Economic Development Authority (EDA) entered into an agreement to renovate the department store with the support of the City of Newark and NJHMFA. Private equity was provided by L+M Development Partners, Prudential and Goldman Sachs, and debt was provided by Citi Community Capital, Morgan Stanley and three nonprofit Community Development Financial Institutions: New Jersey Community Capital, the Low-Income Investment Fund and The Reinvestment Fund. Beyer Blinder Belle, a New York firm specializing in historic preservation, was the lead architect. The New Jersey-based Inglese Architecture + Engineering provided architecture and construction administration services.

This project simply could not have moved forward without the steadfast leadership and support of the Mayor’s Office of the City of Newark, dedicated state partners, including the NJHMFA and EDA, and the vision of L + M Development Partners, whose ultimate success was due to an unwavering commitment and determination to overcome the project’s many challenges.

ACHIEVES STRATEGIC OBJECTIVES

The opportunity to lead an innovative public-private partnership as a principal financing partner in the revitalization and rebirth of Hahne & Co.’s department store, resulting in the creation of affordable and market-rate apartments and ground-floor retail space, stands as one of the most innovative projects undertaken in the NJHMFA’s 33-year history. The project’s multifaceted benefits collectively achieve NJHMFA’s strategic objectives set forth in its mission. NJHMFA provided over 65% of the total development cost of the Hahne & Co. conversion that will provide affordable housing opportunities for working families in Essex County, and also introduce new investment to the community. The public financing of the Hahne & Co. conversion helps NJHMFA ensure that its investments leverage existing community resources and enhance market value and community well-being.

Under Construction (top and bottom)



Under Construction (top) and Completed Exterior Street View (bottom)



Completed Rooftop Terrace and Skylight (top) and Street Views (bottom)



Unit Living Room (top) and Bedroom (bottom)



Unit Kitchen (top) and Rutgers Dept. of Arts, Culture and Media (bottom)



Perspectives of the Grand Opening Event Feb. 2017 (top and bottom)



Perspectives of the Grand Opening Event Feb. 2017 (continued)

