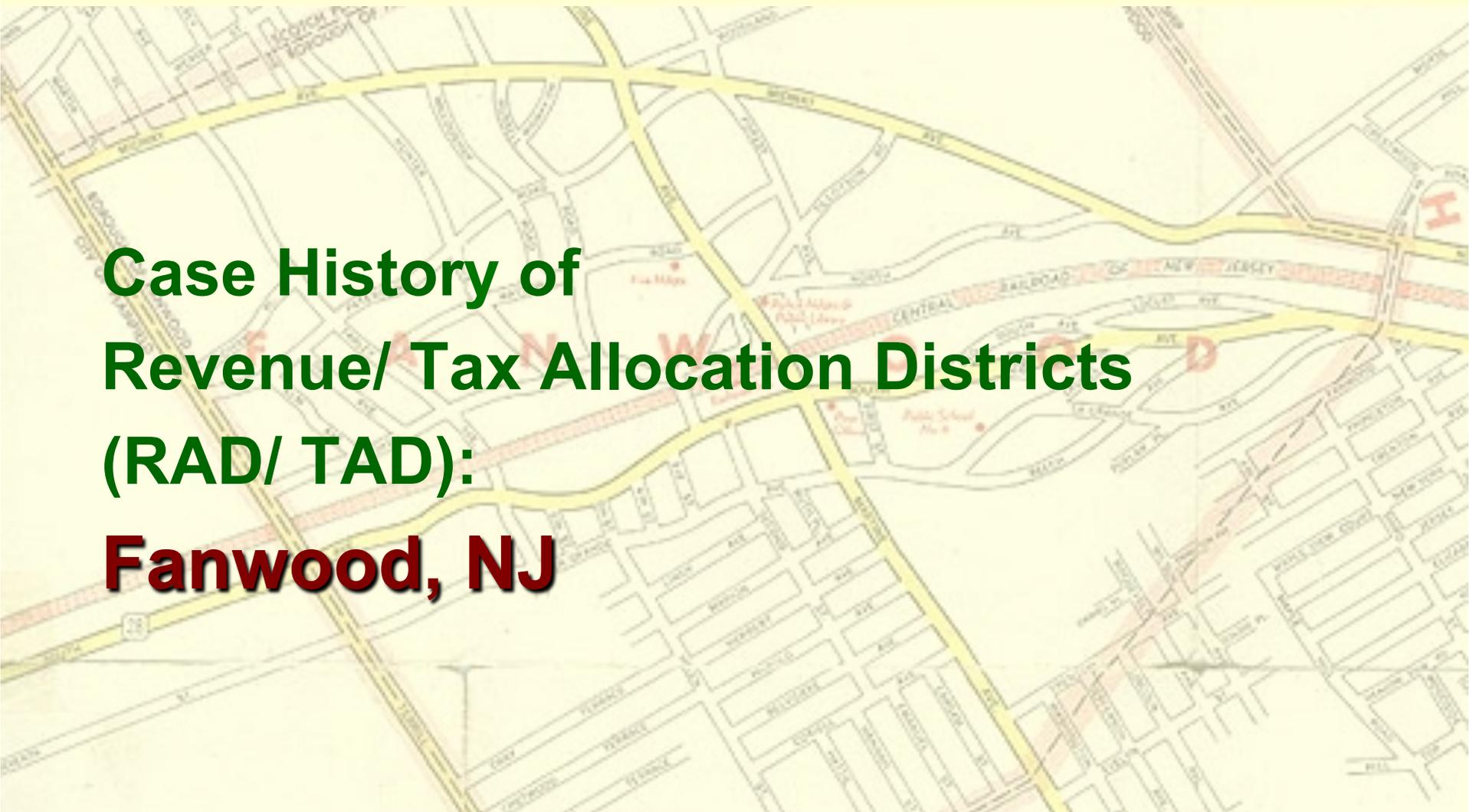


Pratt Institute, Graduate Center for Planning and the Environment
PLAN 640: Preservation, Planning, and Real Estate Development
Course Project – Part 2: Financial Incentives/Tools for Integrating
Preservation Within (Re)Development



**Case History of
Revenue/ Tax Allocation Districts
(RAD/ TAD):
Fanwood, NJ**

Ege Yildirim, May 1, 2007

Background:

Main Characteristics of RAD/ TAD

A **defined area** where **tax revenues** gathered above a certain threshold for a certain period of time can be **used directly for eligible improvements**

Future tax benefits of real estate improvements captured to pay **present investment costs** for those improvements, usually in the form of **bonds**

Expansion of Tax Increment Financing (**TIF**), by added use of **other revenue sources** eg. sales tax, parking fees, payments in lieu of taxes (PILOTs), special assessments

Process:

Establishment of revenue allocation / redevelopment **plan** and **RAD**

Approval of plan and financial instrument

Redevelopment **Agreement**

Issuance of bonds and loan

Case History: Fanwood, NJ Area and historic resources

Borough of Fanwood, Union County, New Jersey: Part of NY metro area; incorporated 1895; pop₂₀₀₀:7,174; two **National Register designations:** **Fanwood Train Station** (aka Fanwood-Scotch Plains; NJ Transit line); Fanwood Park Historic District (TDR grant in process of application); Historic Preservation Commission and Ordinance, Certified Local Government

Block 64: South Ave (Rt.28), Martine Ave (County Rt.655), LaGrande Ave & Second St.; ~6.5 acres; directly across from Fanwood Station, existing land use: mix of various commercial (retail, office), warehouse, light industry and vacant land; congruent boundaries of **Downtown Redevelopment Area** and **Redevelopment Plan Area**



Case History: Fanwood, NJ

Summary of process

Redevelopment Plan for Downtown Fanwood, Block 64

- 2000-01: **Study** for revitalization options; declared 'area in need of development' (LRHLaw NJSA 40:12 A et seq.)
- 2002: **First edition** of Redevelopment Plan; NJ RABF Law NJSA 40A:2-1 and RADF Act NJSA 40A:12A-64
- 2003: Developer proposals, negotiations – no agreement signed
- 2004: **New administration** – claim that public was disconnected; **Smart Future Grant** from OSG-NJDCA, **public outreach** with Fanwood Downtown Advisory Committee and Consultant firm, **revisions** agreed upon
- 2005: **Concept plan, revised Redevelopment Plan** adopted; **3 projects presented** to Council, developers designated, in process of negotiating agreement (222 South Ave and 234 South Ave projects in Retail/ Residential District, 1 whole project for Downtown Residential District)



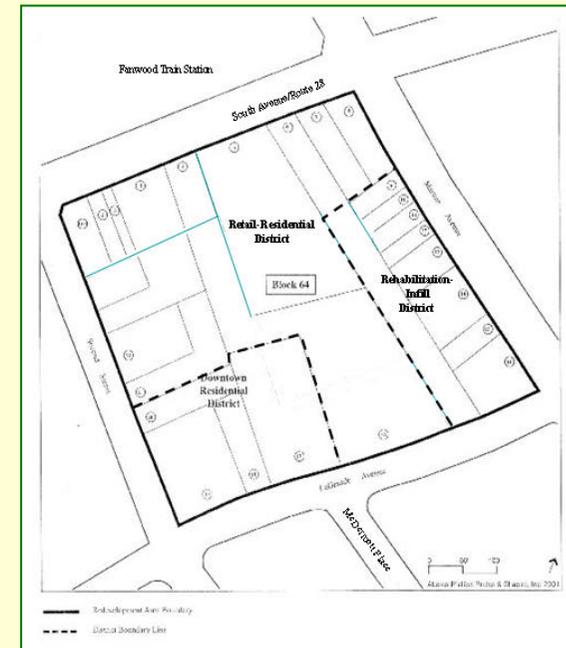
Case History: Fanwood, NJ

Main principles of redevelopment plan

Overall goal: redevelop Block 64 with governmental authority not available to private sector, as retail/ commercial/ residential mixed-use

Three sub-districts: Downtown Rehabilitation/ Infill; Retail-Residential; Downtown Residential

‘Smart Growth’ principles: Vibrant, small community downtown pedestrian environment; “Transit Village” (reference to Train Station); / “Main Street”/ “*historic downtown*”; physical and functional variety; continuous retail frontages of South and Martine Avenues; urban design elements in keeping with *local historical architectural character*, pedestrian system and open public spaces, landscaping



Relation to Local Law and Master Plan: Follows Master Plan goals of Central Commercial/ ‘CC’ District (intensive retail with low/ moderate income housing and parking); ‘Village’ atmosphere. Departs from Plan in definition of ‘entirely developed’ CC (Block 64 declared under-utilized), and allows restaurants (except drive-throughs, to retain continuous frontage)

Case History: Fanwood, NJ

Implementation/ financial tools and project outcomes

Revenue Allocation District created with Plan

Borough Council acts as **District Agent/**
Redevelopment Agency

Revenues from properties/ facilities within RAD/
Project: tax increments; payments to Borough **Parking**
Fund; lease payments; **payments in lieu of taxes;**
public facility operation; **public parking;** property
assessments

Project expenses: property acquisition/ easements for
pedestrian circulation and public parking; construction of
parking; public improvements (walkways, plaza, street/
landscape; on-street parking and traffic circulation).

Projects in area completed after Borough grants
certificate of occupancy, releases maintenance/
performance **bonds**



Case History: Fanwood, NJ

Implementation/ financial tools and project outcomes

No eminent domain used, no need for relocation/ displacement; permitted land uses follow **existing property lines**, private owners can **redevelop properties themselves**

Luxury condominiums above retail in proposed projects (question of following plan goals on affordable housing?), real estate marketing



Conclusion:

Important aspects of Fanwood RAD process

- Revitalizing downtown area around anchor of historic train station and connecting to historic design themes
- Emphasis on smart growth: urban design, mixed use
- Long plan adoption and implementation process; public consensus
- Financial tools using bonds (capturing revenues for expenditures); developers' projects approved and implemented under District Agent and Redevelopment Plan