

The background of the cover is a collage of four images. The top-left image shows a row of modern, multi-story townhouses. The top-right image shows a group of people, including a woman in a patterned dress, standing together. The bottom-left image shows a group of people, including a young girl, sitting at a table. The bottom-right image shows a white car, possibly a taxi, parked on a street.

Mapping the Future of Community Development

Examining the Impact of Newark's Tax Revaluation on New Community
Corporation

Prepared by

THE COMMUNITY DEVELOPMENT STUDIO, SPRING 2003

**Uzoma Anukwe
Sachiyo Asakawa
Lindsay Boyer
April Clisura
Robin J. Ford**

**Carlos Gallinar
Katie Holden
Michael Lysicatos
Sonal Parikh
Kerry Sheldon**

Anthony Wint

Faculty Advisors

Norman Glickman and Kathe Newman

**Urban Planning and Policy Development
Edward J. Bloustein School of Planning and Public Policy
Rutgers, The State University of New Jersey**

TABLE OF CONTENTS

| | |
|----------------------------------------------------------------------|----|
| Acknowledgements | 3 |
| Executive Summary | 5 |
| Project Overview | 7 |
| Overview of NCC Properties | 13 |
| Tax Policy Analysis | 16 |
| Field Survey Findings of Potential Areas of Future Development | 36 |
| Douglass-Harrison Area | 36 |
| Youth Automotive Training Area | 39 |
| Hispanic Development Corporation Area | 42 |
| Conclusion | 49 |
| Bibliography | 51 |
| List of Appendices..... | 52 |

ACKNOWLEDGEMENTS

The Community Development Studio would like to acknowledge the following people for their enormous contribution to this effort:

Hillary Jury, NCC Development Officer, for always having the answers.

Ray Codey, NCC Director of Development & Construction for providing helpful information.

Lee Duloq, Assistant to NCC Counsel, for providing access to all your files.

Jean Jacobsen, Tax Assessor for Plainsboro and Ernest Reock, Professor Emeritus, Bloustein School, for speaking with us on the details of the revaluation process.

Mike McSharry, Finance Manager – NCC for his support of this project.

Marco Moody, - NCC for showing off your home town to the field survey team.

Kathy Spivey, Chief of Staff – NCC for her support of this project

Richard Cammarieri, Vice President – NCC Development Corporation for giving us a tour of Newark

We'd like to extend special thanks to:

Monsignor Linder for your vision and commitment to the city of Newark;

Kathe and Norm for guiding us through this wonderful yet challenging process;

All residents of Newark's Central Ward for your civic engagement pride and commitment to your community

EXECUTIVE SUMMARY

Following decades of dispute, the State of New Jersey mandated the revaluation of Newark's property base. In 2002-3, Certified Valuations, Inc. examined every property in Newark and estimated the market value of each parcel. This effort, the first since 1962, was meant to provide an accurate accounting of property values in the city. The revaluation will mean higher property tax assessments, since they had been artificially undervalued for more than forty years. The effect on property tax bills for property owners will depend on the tax rate, which has yet to be set by the City.

New Community Corporation (NCC) asked the Bloustein School Community Development Studio to investigate the impacts of the revaluation and provide data that would be useful for future development planning. Specifically, NCC requested that the Studio fulfill the following goals:

- Identify and map NCC properties;
- Explore the impact of the tax revaluation, both for NCC and for Newark residents; and
- Provide information on NCC-identified areas for future development.

To meet these requests, we:

- Produced a complete list of all NCC-owned properties;
- Analyzed revaluation assessments for NCC properties;
- Cataloged NCC abated and exempt properties;
- Identified potential policy implications of the revaluation;
- Provided information to foster greater public understanding of the revaluation process;

- Identified ownership of non-NCC properties within specified areas;
- Inventoried all of NCC's vacant property and all parcels in potential future development areas;
- Recorded information on each parcel using a survey instrument designed in collaboration with NCC, took photographs of properties, and positioned the properties using a Global Positioning System (GPS) device; and
- Mapped data most useful to NCC.

Our research resulted in several important products for NCC's use:

- Database of NCC properties containing the following information:
 - All properties and current land use,
 - 2001 and 2002 tax assessments, equalized values and other tax information,
 - Abatement and exemption status,
 - Results of survey of targeted areas describing ownership, condition and other data, and
 - A complete description of the database and codes used to accurately interpret information.
- Written report analyzing the potential impact of the revaluation on NCC (including effect on abatements and projections on the revalued tax burden), and on Newark residents (including descriptions of appeals process and tax relief programs).
- Portfolio of maps portraying various categories of NCC properties, potential areas for future development, and demographic data for NCC service areas.

PROJECT OVERVIEW

CLIENT AND CONTEXT

Founded by Monsignor William J. Linder and a group of dedicated visionaries in Newark, New Community Corporation (NCC) is the largest and most comprehensive community development corporation nationally. NCC was founded in 1968 as a reaction to the civil disorders that rocked Newark the previous summer and by the severe housing shortage. Throughout its 35-year history, the organization's mission has remained consistent: "to help residents of inner cities improve the quality of their lives to reflect individual God-given dignity and personal achievement."

To fulfill this mission, NCC has embarked on an expansive agenda of providing a myriad of services primarily, but not exclusively, to Newark residents. NCC owns and manages more than 3,000 units of housing—including both rental and ownership units. NCC employs more than 2,300 people, including many who work to maintain, secure and otherwise service NCC properties. In addition to housing development, NCC provides a broad array of programs, including early childhood education, transitional housing for the homeless, workforce development, education, health care, community arts, youth programs and a host of social services for children, families and senior citizens (NCC promotional materials).

Along with its activities to promote personal and community development, NCC has also been a force in Newark's economic revitalization. NCC's Pathmark development brought the first retail shopping center to the Central Ward since the 1967 disturbances (Community Development Studio 2002). NCC's assets are valued at more than \$500 million; in 2001, the CDC contributed upwards of \$3 million in taxes and fees to the City of Newark (NCC Report to the Community, 2001).

As is the case with many CDCs working in declining urban areas, when New Community Corporation initially began operating in Newark's Central Ward during the 1960s, the organization did not face stiff market competition for desired real estate. The entire city, and

particularly the Central Ward, experienced severe private disinvestment and was in dire need of development. Since the needs of residents were great, the local government supported NCC's community development goals and often collaborated with the organization to offer abandoned or unused properties at highly discounted rates. Through such collaboration, NCC was able to complete more than 20 housing projects providing close to 3,000 units for 8,000 residents. NCC also provided healthcare, childcare, education, and workforce training services.

The mid-1990s ushered in an era of unprecedented revitalization in Newark. The economic boom of the 1990s, the work of NCC and other CDCs and significant federal and state investment that spurred private funding resulted in a much-heralded renaissance for the city. The city's upturn brought premier entertainment venues, high-end restaurants and significant private investment. The Mayor encouraged the production of affordable and market rate homes to encourage residents to live in Newark (James State of the City Address, 2003). Drawn by city subsidies of land, and five-year tax abatements, both private developers and residents experienced renewed interest in Newark. Housing prices increased especially in the Ironbound, a tightly knit Portuguese and Brazilian community, and in the North Ward, which has an attractive housing stock.

Although "New Jersey Law requires that all real property shall be assessed to the owner of the property on October 1 of each year", at no time during this economic "comeback" did Newark complete a property revaluation (Rutgers Community Law Clinic 2002 from N.J.S.A. Section 54:4-23 (2001)). In fact, the City had successfully fought revaluation for more than forty years but under increasing state pressure, it had little choice but to proceed through a revaluation. Considering the time that had passed between revaluations, one could reasonably expect the revaluation to have a substantial impact on property assessments. However, the impact was even more severe because of the recent economic upturn.

As an owner of a large number of properties that would be impacted by the revaluation, NCC realized the importance of having an accurate listing of all its Newark properties and associated abatements or exemptions. As an ever-expanding organization committed to serving the growing needs of underserved populations, NCC recognized that the new assessments and increasingly hostile political atmosphere in Newark would make future property acquisition

more expensive. The organization further realized that it could no longer acquire properties on a project-by project basis. Rather, the organization recognized the need to create a strategic master plan for future development.

RESEARCH OBJECTIVES

NCC called on the Rutgers University Edward J. Bloustein School of Planning and Public Policy to assist with meeting these goals. Specifically, NCC requested the Bloustein School Spring, 2003 Community Development Planning Studio achieve the following objectives:

- Identify and map NCC properties;
- Explore the impact of tax revaluation on NCC properties; and
- Identify potential areas of future redevelopment.

APPROACH

To expediently and accurately fulfill NCC's requests, we established four teams: 1) Data Management, 2) Tax Policy, 3) Field Survey, and 4) Geographic Information Systems (GIS) Mapping. Each team determined its objectives and work program, based on NCC's goals. The work was collaborative since each team was dependent on the products of the others.

Data Management Team

We first needed to create a comprehensive database of NCC's properties, associated information, and information about the properties surrounding them. The Data Management team:

- Produced a complete list of all NCC-owned properties;
- Produced materials to support a field survey; and

- Identified ownership of non-NCC properties within a specified area.

The resulting database served as the information source for all other teams, and was an integral component of this project. As the deliverable from this team, this database will also serve as an invaluable resource to NCC.

Tax Policy Team

The Tax Policy team explored the impact of the revaluation on NCC's current and future operations and on Newark's residents. The team's overall objective was to analyze the impact of the revaluation on NCC properties. Towards this objective, the team:

- Created a spreadsheet of revaluation assessments for NCC's properties;
- Created a spreadsheet of NCC's abated and exempt properties;
- Identified potential policy implications of the revaluation; and
- Created a plan for fostering greater public understanding of the revaluation process and outcomes.

This team's research and analysis provides NCC with tax information that will affect the organization's fiscal, operational, and capital activities

Field Survey Team

The Field Survey team worked with NCC to identify three future areas of development. The team conducted a field survey of all of NCC's vacant property and of all of the property in the three future development areas. Team members recorded land use, building condition, parcel occupancy, and construction status. This team completed the following tasks:

- Inventoried all NCC's vacant property;

- Inventoried all parcels in potential future development areas;
- Recorded information on each parcel using a survey instrument that it designed in collaboration with NCC, took photographs of properties, and positioned the properties using a Global Positioning System (GPS) device; and
- Used the data to update NCC's master property list.

This team produced comprehensive descriptions for properties within a specified area that will assist with NCC's future development planning.

GIS Mapping Team

The GIS Mapping Team utilized Geographic Information Systems (GIS) technology to produce accurate, maps of selected areas and properties for NCC's future use.

The first set of thematic maps concentrated on the demographic and housing characteristics of Newark. By integrating census tract level data retrieved from the Census Bureau for 1990 and 2000 with the GIS, we mapped information on percentage of Black and Hispanic population, owner occupancy rates, household poverty levels, female-headed households, and the percentage of children and the elderly (See maps in Appendix A and demographic analysis in Appendix B).

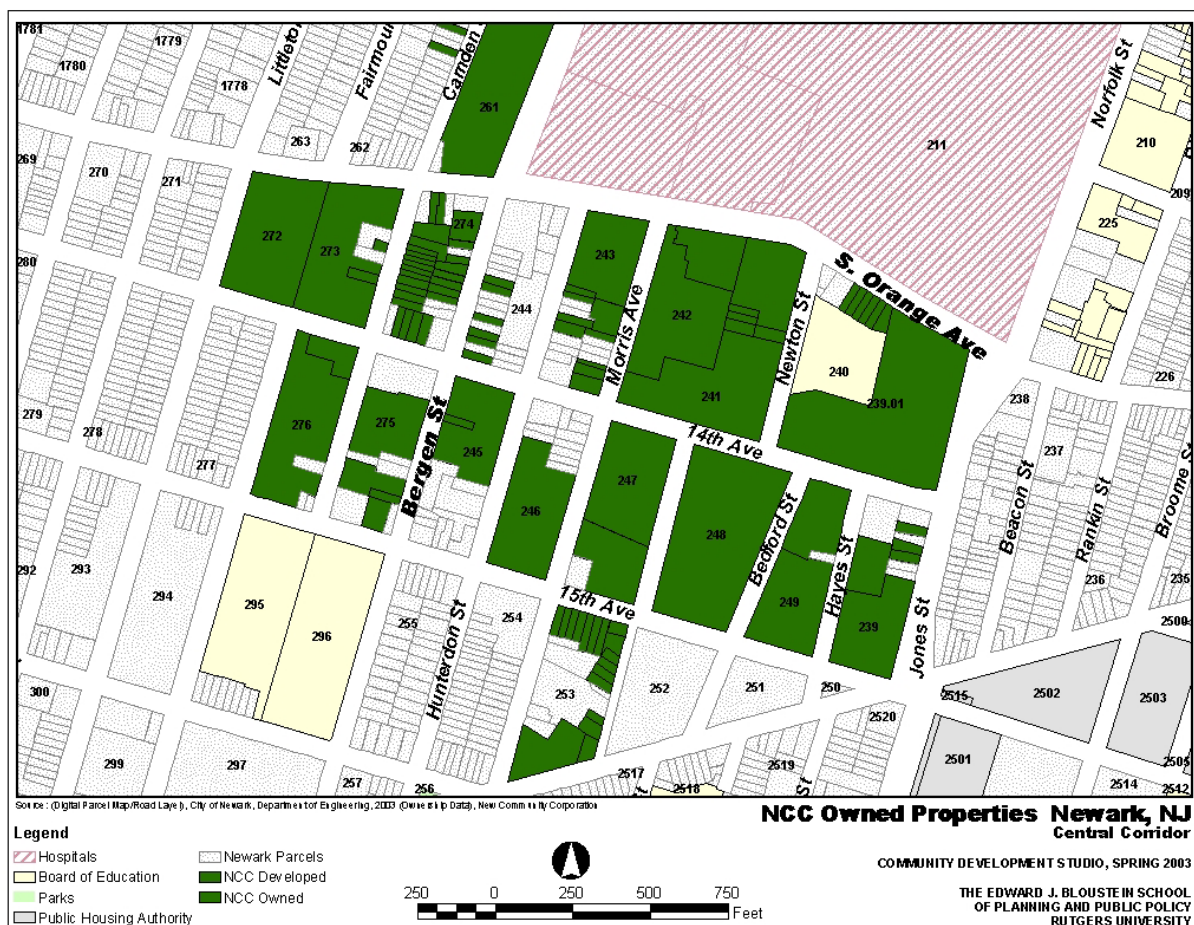
The next set of maps focused on NCC's properties. These maps illustrate NCC owned properties, land use, abatement/exemption status, and the property status and building conditions collected in the surveys. Each of the maps contains background layers, which were found by linking the property tax database to the parcel lot/block numbers, such as hospitals, universities, and public schools. Other data layers were produced by address matching and field verification, such as the day care facilities, parks, and cemeteries. In addition, some data was provided by outside sources, for instance bus routes and ward boundaries. Once the background data was prepared, the parcel maps were linked to the databases prepared by the Data Management Team, Field Survey Team, and the Tax Policy Team in order to produce layers to create the four maps.

The last set of maps provided a more detailed look at four major focus areas, the Douglass-Harrison Area, the Youth Automotive Center, the Hispanic Development Corporation Area, and the Central Corridor. Each of the maps for these areas shows a detailed view of the larger maps, enabling NCC employees to identify individual parcels of interest easily and their surrounding conditions.

OVERVIEW OF NCC PROPERTIES

NCC owns 175 parcels of land (not all in the Central Ward), with a combined area of slightly more than 72.9 acres.

Map 1: NCC-Owned Properties



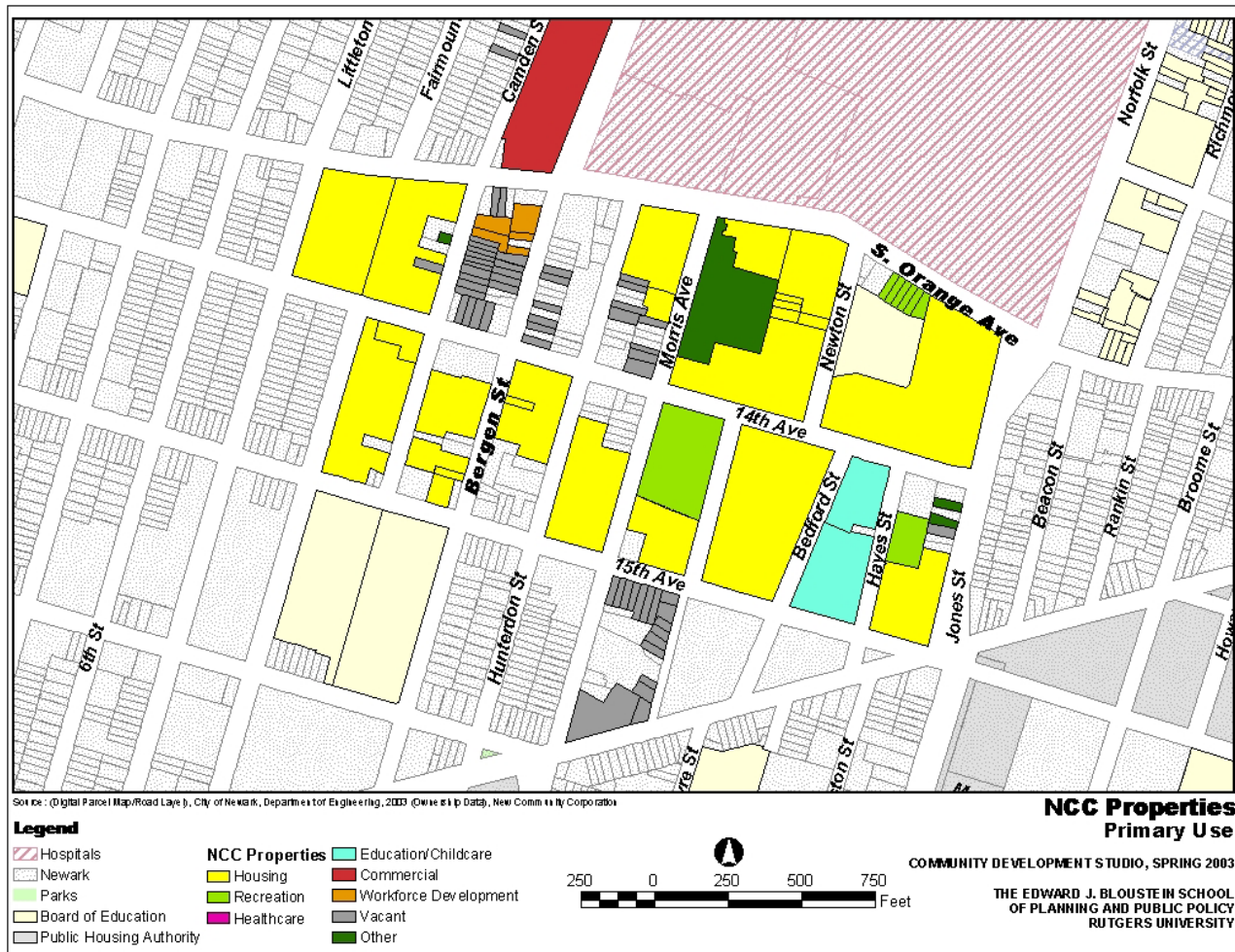
The majority of NCC's land, 61 percent of the total acreage, is used for housing¹. Workforce training and development uses account for 10.7 percent of NCC's acreage. Miscellaneous uses, including St. Joseph's Church rectory that serves as NCC office headquarters, comprise close to 7.8 percent of the organization's total holdings. Vacant land and commercial uses (i.e. the Pathmark supermarket) round out NCC's top land uses at 6.6 and 5.0 percent respectively. Remaining NCC land uses are detailed in Table 1 below, and all NCC uses are displayed on Map 2.

Table 1: NCC Land Uses

| Use | # of Lots | Acres | % of Acreage |
|-----------------------|-----------|-------|--------------|
| Housing | 43 | 44.54 | 61.01% |
| Workforce Development | 20 | 7.81 | 10.69% |
| Other | 17 | 5.66 | 7.76% |
| Vacant | 70 | 4.83 | 6.61% |
| Commercial | 2 | 3.67 | 5.03% |
| Education/Childcare | 10 | 3.47 | 4.75% |
| Parks/Recreation | 8 | 2.57 | 3.52% |
| Healthcare | 5 | 0.46 | 0.63% |
| Total | 175 | 73.01 | 100.00% |

¹ This figure includes three, un-subdivided parcels that make up the Community Hills town homes.

Map 2: NCC Properties - Use



TAX POLICY ANALYSIS

HISTORY OF TAX REVALUATION IN NEWARK

In 2003, the City of Newark underwent its first property tax revaluation in more than 40 years. Like many other New Jersey municipalities, Newark resisted state legislation that mandated frequent property revaluation for a variety of reasons. First, Newark's Mayor Sharpe James (who has been in office since 1986) and the City Council feared the potential political repercussions that could result from a property tax revaluation. Second, Newark's leaders worried that the revaluation would impede the City's revitalization efforts. With many Newark homeowners enjoying comparatively lower taxes than homeowners in the surrounding suburbs, the possibility of increased property taxes that could result from revaluation removes this valuable competitive advantage. Reassessing properties had the potential to drive homeowners out of the city and/or deter new residents from moving in. For these reasons, political leaders in Newark deflected the repeated calls for revaluation.

Newark's Property Tax Assessments

Because the City last conducted a revaluation in 1962, property tax assessments in Newark are extremely low. Indeed, prior to this year's revaluation, in 2002, property in Newark was assessed at only 10.4 percent of market value, compared to a countywide average of 44.29 percent. Because the amount of property tax that a municipality owes to the County is based on the total assessed value of real property in the municipality, it would seem as though Newark's low assessments afforded it an advantage with respect to its payment of taxes to Essex County. However, that is not the case.

In the 1950s, the State created a tool known as the *equalization ratio* to remove the incentive to under-assess property and to ensure that municipalities paid their fair share of County taxes, regardless of the assessment level. Therefore, each year, the State Director of the Division of

Taxation compares the price of a subset of property sold within a municipality to the assessed value of that property. This comparison leads to the establishment of an equalization ratio for each municipality in the State. The equalization ratio represents the degree to which the assessed value of a property reflects the true (market) value of that property. Therefore, the County determines the tax burden of each municipality based on the *equalized value*, or true market value, of property in the municipality, NOT the assessed value.

Additionally, the State calculates equalization ratios for each of the four property classifications in a municipality. For example, residential and commercial each receives its own rate, since different classes of property tend to change value at distinct rates. In Newark, the 2002 equalization ratio of residential property containing four units or less was 7.81 and the ratio for commercial properties was 9.83 (Taylor 2003). The higher ratio for commercial property indicates that, as a class, commercial properties were assessed at values that were more representative of their true market value. The difference in assessments between property classes, as represented by differing equalization ratios, suggests that revaluation will affect different property classes in different proportions.

Newark's Property Tax Rate

The property assessment is just one of two factors that determine the amount of tax owed on a property. The other is the *tax rate*. Each year, Newark, like all municipalities, determines the amount of money that it needs to meet its budget (the *tax levy*). The City divides this amount by the total assessed value of real property (the *tax base*) in the municipality to produce a tax rate. The resulting tax rate represents the portion of each dollar of assessed property value that is due as property tax. For example, if a municipality determines that its tax levy must be \$5 million to cover its budget in 2003, and the total assessed value of all property in the city is \$100 million, then the tax rate would be set at 5 percent. Because Newark property assessments represent a mere fraction of their actual worth, the property tax rate must be at a substantially high level in order for Newark to meet its budget needs. Indeed, the 2002 property tax rate was a whopping 24.95 percent. That means that a property with an assessed value of \$10,000 owed \$2,495 in property taxes

Impact of Tax Revaluation on Newark

Two recent studies identified potential implications of revaluation. Henry Coleman and Ernest Reock of the Center for Government Services at the Edward J. Bloustein School of Planning Public Policy at Rutgers University conducted one such study (Center for Government Services 1999). The real estate appraisal firm Dickinson & McCormick, at the request of Newark City Council, conducted another examination (Dickinson & McCormick, Inc. 1998). Both studies concluded that, overall, Newark's residential properties (those fewer than four units) will experience a comparatively larger tax increase than commercial property due to the revaluation. This is because Newark's commercial property assessments were historically closer to their true value, as represented by the higher equalization ratio for commercial property 12.00 (Taylor 2003). The studies further found that the impact on residential properties within the City would vary. The research anticipates that the revaluation will cause tax bills for homeowners in the North and East Wards to increase.

Compounding the potential increases, many of Newark's newer homeowners face an additional burden due to revaluation. Some new homeowners received five-year tax abatements on their property through the City's effort to encourage middle class housing development. Without these abatements, new homeowners would have shouldered a larger tax burden compared with property owners whose property had not been reassessed for more than forty years. That is, without abatements, new homeowners would have paid property tax on the actual value of their homes, at the extraordinarily high tax rate that takes into account the underassessment of most property within the city. By law, these five-year abatements terminate when revaluation occurs, as all properties are then assessed at 100 percent of market value. Because many properties in Newark's Ironbound section received these tax abatements, residents there are particularly concerned about the impact of revaluation.

The studies suggested that homeowners in the Central Ward could experience a reduction in the amount of property tax owed on their properties. However, the research could not reach definitive conclusions about the impact of revaluation on the Central Ward because the number of house sales, used as an indicator of true market value, was not substantial enough to allow for

statistically significant conclusions. The studies were similarly unable to make definitive conclusions as to the effect of revaluation on vacant property.

Impact of the Tax Revaluation on NCC

Revaluation brought three pressing issues to the forefront for NCC. The first NCC concern is the direct impact of revaluation on the property that it owns and currently pays taxes on. This includes the 69 NCC properties that are not tax-abated or tax-exempt. Revaluation will affect NCC's immediate tax burden. The second problem relates to future increases in its tax burden due to expiring tax abatements on the 49 tax-abated lots it owns. As these abatements expire, NCC will, for the first time, pay full taxes on formerly sheltered properties. The expiring abatements coupled with potential tax increases due to the revaluation, create the possibility a large financial impact on NCC. The final impact is born out of NCC's relationship to the community. As a trusted community-based organization operating in Newark, neighborhood residents have turned to NCC as a resource about the revaluation process and the impact it will have on them as individual property owners.

Facing these three issues, NCC turned to the Bloustein Community Development Studio for assistance. Based on their requests, we assessed the nature and degree of the impact of revaluation on NCC. Our analysis in the next section covers three topics:

- *Change In Property Value Assessment:* An analysis of the change in assessed value resulting from revaluation for all NCC property.
- *Revaluation and Tax Exempt and Tax Abated Property:* An analysis of the impact of the tax abatements and tax exemptions for all NCC property currently receiving special tax treatment on NCC's current and future tax burden.
- *Revaluation and the Community:* Recommendations for NCC's response to residents' concerns relating to revaluation.

ANALYSIS OF CHANGE IN PROPERTY VALUE ASSESSMENT

NCC owns 175 lots in Newark, mainly in the Central Ward. Seventy of these lots are classified as vacant land. Most of the remaining parcels are occupied by NCC housing, offices, schools, health care facilities, and workforce development and training facilities. A few are occupied by vacant structures. While the Central Ward was not predicted to be among the areas hardest hit by Newark's property revaluation (Center for Government Services 1999), the assessed value of NCC properties did increase significantly.

Overall, some properties were revalued at more than what is suggested by the 2001 equalization ratio for their property classification, while others were reassessed at less. This information is presented in the "Property Assessments Master List" spreadsheet in Appendix C. Properties revalued greater than \$10,000 above what the equalization ratio for their property class suggests are highlighted in blue on the spreadsheet. All NCC properties fall into one of three property classifications: vacant, with a 2001 equalization ratio of 11.19; commercial, with an equalization ratio of 12.00; and residential, with an equalization ratio of 8.78 (Taylor 2003). The properties that were most often revalued significantly higher than expected (based on their 2001 equalized values) were NCC's commercial properties. Examples include NCC Technologies, Commons Senior Housing, the Medical Day Care in Gardens Senior Housing complex, the New Community Neighborhood Shopping Center, and a vacant commercial building. Fortunately, most of the commercial properties are currently tax abated or exempt. A few vacant lots were revalued higher than their equalization ratios would suggest, but the majority were revalued lower than expected. One residential property, a vacant building, was assessed lower than its equalization ratio would suggest.

The fact that many properties were revalued higher than their 2001 equalized value is not necessarily cause for concern. The equalization ratio is an *average* for an entire property classification. Prior to the revaluation, a given lot may have been under-valued relative to the fair market value of other properties within its classification. In these instances, there is justification for the lot to be revalued higher than what the equalization ratio for its property class suggests. Likewise, a lot that is revalued lower than its equalized value suggests does not necessarily indicate an error in the revaluation process. The property may have been previously valued

higher than other lots in its property classification, relative to true market value. The “Property Assessments Master List” spreadsheet includes a column labeled, “old assessment as percentage of new assessment.” NCC can use this figure to determine whether a lot was valued above or below fair market value as compared to the value of other properties within its land use classification before the revaluation.

Normally Taxed Property

Slightly fewer than half of NCC’s lots are neither abated nor exempt and, therefore, may incur an increase in property taxes next year, due to their increase in assessed value, unless the City substantially lowers the tax rate. Most of the NCC properties that are taxed normally (i.e. no exemptions or abatements) are vacant land, but a few are improved. Both categories of properties are discussed below.

Vacant Lots

An NCC-owned lot located on Morris Avenue is a vacant property that was revalued very close to what its 2001 equalized value would suggest (see Table 2). The value of this property increased to \$29,100, or about eight times its pre-revaluation value of \$4,400. Based on the 2001 equalization ratio of 11.19, its equalized value would be \$39,320.82, which is only slightly above its actual revaluation of \$33,500.

The revaluations of a few notable clusters of lots on Bergen Street and North 11th/Gray Streets did not compare as closely with their 2001 equalized values. For example, a group of adjacent vacant lots on Bergen Street each increased by about fifteen times their former values. They were each revalued at more than \$10,000 higher than would be suggested by the equalization ratio.

Table 2: Excerpt From the “NCC Property Assessments Master List” Spreadsheet

| Block | Lot | Address | Property Description | Old Assessment (2001) | New Assessment (Revaluation) | Equalized 2001 Value |
|-------|-----|----------------------------|----------------------|-----------------------|------------------------------|----------------------|
| 243 | 27 | 291-293 Morris Ave. | Vacant | \$4,400.00 | \$33,500.00 | \$39,320.82 |
| 244 | 3 | 222 Bergen St. | Vacant | \$2,200.00 | \$33,600.00 | \$19,660.41 |
| 244 | 4 | 220 Bergen St. | Vacant | \$2,200.00 | \$33,500.00 | \$19,660.41 |
| 244 | 6 | 216 Bergen St. | Vacant | \$2,200.00 | \$33,600.00 | \$19,660.41 |
| 244 | 10 | 208 Bergen St. | Vacant | \$2,200.00 | \$33,500.00 | \$19,660.41 |
| 244 | 11 | 204-206 Bergen St. | Vacant | \$4,500.00 | \$68,600.00 | \$40,214.48 |
| 1903 | 1 | 9 N. 11 th St. | Vacant | \$1,100.00 | \$23,500.00 | \$9,830.21 |
| 1903 | 2 | 11 N. 11 th St. | Vacant | \$1,600.00 | \$26,300.00 | \$14,298.48 |
| 1903 | 3 | 13 N. 11 th St. | Vacant | \$1,600.00 | \$26,300.00 | \$14,298.48 |
| 1903 | 21 | 34-36 Gray St. | Vacant | \$3,300.00 | \$52,500.00 | \$29,490.62 |

Improved Lots

Most of NCC’s improved lots are abated or exempt (see Table 3). (These will be discussed in the following section). However, there are a handful of NCC buildings that are neither abated nor exempt. The property assessment for NCC’s Environmental Services facility on South 8th Street, increased by \$73,100 to \$83,600, or about eight times its former value of \$10,500. The new assessment is not far from its 2001 equalized value of \$87,500.

The assessment for another property, the NCC Print and Copy Center (also on South 8th Street), increased by \$38,400, or of about 5.5 times its former value of \$8,600. Its revaluation assessment is \$47,000, considerably less than the \$71,666.67 amount suggested by the 2001 equalization ratio.

A property at 161-167 Camden St. is notable because its reassessed value of \$212,600, is almost 32 times its former value of \$6,700. The property contains a garage that is not currently in use. Its 2001 equalized value suggests a significantly lower value of \$55,833.33.

Each of these examples shows the impact of the revaluation on NCC assessments and indicates the possibility of increases on the organization’s tax burden.

Table 3: Excerpt From the “NCC Property Assessments Master List” Spreadsheet

| Block | Lot | Address | Property Description | Old Assessment (2001) | New Assessment (Revaluation) | Equalized 2001 Value |
|-------|-----|------------------------------|------------------------|-----------------------|------------------------------|----------------------|
| 1855 | 24 | 39-45 S. 8 th St. | Environmental Services | \$10,500.00 | \$83,600.00 | \$87,500.00 |
| 1855 | 28 | 47-49 S. 8 th St. | Print and Copy Center | \$8,600.00 | \$47,000.00 | \$71,666.67 |
| 262 | 45 | 167-161 Camden St. | Garage | \$6,700.00 | \$212,600.00 | \$55,833.33 |

It is important to note that the “Property Assessments Master List” is not complete with all data at this time. At the time this report was published, Certified Valuations had not provided the new assessments for some commercial and vacant lots (i.e. the Family Service Bureau property). In addition, some pre-revaluation assessments were not included on NCC’s original property master list, and are excluded from this analysis (Appendix D). Due to the missing data, we could not calculate all 2001 equalized values and compare them to all post-revaluation assessments. Recommendations on how NCC may provide missing data and complete the analysis are presented further in this report.

NCC will not know the full impact of the revaluation until Newark calculates its new municipal tax rate based upon the total reassessed value of all property in the municipality. It is important to note that, while property values have increased sharply overall, this increase will be offset by a decrease in the municipal tax rate (Jacobson & Reock 2003). It is highly likely that Newark’s new property tax rate will be less than the current rate of 24.95 percent.

While the new Newark property tax rate is not currently available, NCC can begin to compare its properties’ new valuations with their pre-revaluation equalized values as shown in the examples above. Such comparisons help to determine if the new value has increased beyond the amount suggested by the equalization ratio.

Analysis of Tax Exempt and Tax Abated Property

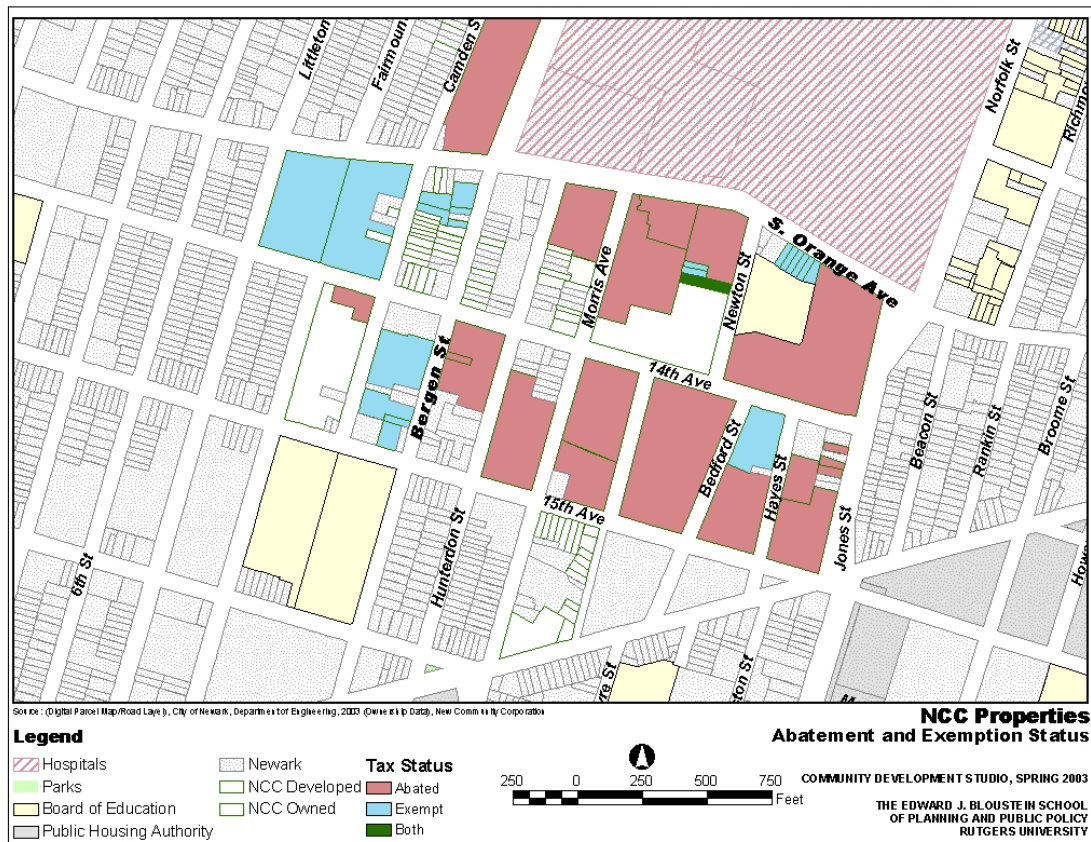
The State of New Jersey offers municipalities, developers, and non-profit organizations many tax incentives to overcome disadvantages associated with the redevelopment of declining areas. Among these tax incentives are property *tax abatements*, which allow property owners to forgo

their property taxes for a specific amount of time. Importantly, the abatement can be for a portion of or the entire property tax burden. Abatements can last anywhere from five to fifty years, depending on the property's circumstance. Moreover, tax abatements are issued on properties that are dilapidated, abandoned, vacant, or for some other reason deemed unlikely to be redeveloped by other means.

In lieu of paying taxes, the property owner requesting the tax abatement must commit to redevelop the property. The property owner must also pay the municipality an annual service charge, known as a *PILOT* (payment in lieu of taxes). This annual service charge is calculated based on the income or gross revenue generated by the property and/or the total project cost. Depending on the terms agreed upon by the owner and the municipality, the annual service charge may be phased-in over the term of the abatement to the point where full taxes are levied on the property. The annual service charge is agreed upon by all parties involved in the tax abatement process and cannot be changed once it is in place (Babineau 1992).

Another type of incentive, a tax exemption, is offered to developers of certain types of facilities, like NCC's schools and employment training facilities. As long as an exempt property is used for the exempt purpose, the tax exemption remains current. However, exemptions must be renewed with the city to confirm the exempt use on a three-year basis. As long as it continues to stay current on the renewal of each of its property tax exemptions with Newark every three years, NCC will shelter itself from a potential increase in its tax burden for the exempt lots. In addition, the impact of a potential increase in tax burden on NCC's abated lots will be phased in over several decades, as abatements expire. Map 3 below displays all of NCC's abated and exempt properties.

Map 3: NCC Properties – Tax Status



Exemptions

NCC's exempt properties include facilities such as schools, the New Community Workforce Development Center, the Youth Automotive Training Center, Harmony House transitional housing, Meditation Park, and St. Rose of Lima's Church. The organization owns approximately 57 exempt lots. In order to maintain a property's exempt status, NCC must file for a renewal of its exemption with the City of Newark every three years. The "Abatements and Exemptions" spreadsheet such that NCC may enter the date for each lot's next exemption renewal in the column labeled, "exemption renewal date/abatement expiration date" (Appendix E). Although this information was not available to us, NCC may calculate this date by finding out the last date an exemption renewal was filed and counting in three-year intervals from that date.

Abatements

NCC's abated properties include most of its housing, the Neighborhood Recreation Center, the Neighborhood Shopping Center (Pathmark), St. Joseph's Plaza, and NCC Technologies. All together, these properties encompass 49 lots. As abatements are valid only for a designated length of time, property owners become responsible for the full amount of property taxes when the abatements expire. Therefore, it is important for NCC to keep abreast of its abated properties' expiration dates. The remaining length of time on an abatement is calculated by the date of first issuance of the Certificate of Occupancy. The "Abatements and Exemptions" spreadsheet includes a column listing the expiration dates for all the abated properties to which we have been able to match Certificate of Occupancy dates thus far.

An example of the property assessment change of an abated property is the Neighborhood Recreation Center on Hayes Street. The assessment of this property increased from \$303,900 to \$991,200 (an increase of \$687,300). Its 2001 equalized value suggests an assessment of \$2,532,500. The Recreation Center's abatement will not expire until March 2048, at which time NCC will be responsible for taxes on the true assessment value.

A few abatements will expire soon and will need the organization's attention. The abatements for Douglass Harrison and the NCC Technologies/NCC Borden Urban Renewal Corporation

properties will expire in 2016. Certified Valuation's assessments for the Douglass Harrison lots and some of the NCC Technologies/Borden lots have not been received to date. The approximate revaluation of the Douglass Harrison properties, based on its 2001 equalized value, is \$4,531,167. That of the NCC Technologies/Borden lots cannot be estimated because its 2001 property assessments are partially missing. The abatement for St. Joseph's Rectory Annex will expire in July 2011. To date, we do not have its reassessed value from Certified Valuations, but its 2001 equalized value is \$48,333. *The abatement for St. Joseph's Plaza is scheduled to expire in January 2004.* The property has been revalued at \$1,547,600. In addition, Roseville Towers' abatement status requires a close look because it appears to have expired in September 2001. It has been revalued at \$1,394,600.

We do not have the Certificate of Occupancy date for the Neighborhood Shopping Center (Pathmark), which has a 15-year abatement. However, it is clear that the Shopping Center's abatement will run out within the next few years because the Pathmark celebrated its tenth anniversary in July 2000. Once the Certificate of Occupancy dates are ascertained for buildings like the Shopping Center and the Rectory Annex, their exact expiration dates can be calculated by counting out the length of the abatement from the Certificate of Occupancy date.

Table 4: Excerpt From “NCC Abatements and Exemptions” Spreadsheet

| Block | Lot | Name | 2001 Assessment | New Assessment (Revaluation) | Equalized 2001 Value | Expiration Date / Length |
|--------------|------------|--------------------------------|----------------------------|---------------------------------------------|---------------------------------|-----------------------------------------|
| 239 | 43 | Neighborhood Recreation Center | \$ 303,900.00 | \$ 991,200.00 | \$ 2,532,500.00 | March 2048 |
| 2556 | 1, 62 | Douglass Harrison | \$ 543,740.00 | Missing | \$ 4,531,167.00 | October 2016 |
| 2563 | 1, 76 | | | | | |
| 2859 | 28 | NCC Technologies / Borden | Missing | Missing | Missing | April 2016 |
| | 64 | | Missing | Missing | Missing | |
| 2860 | 3 | | \$ 117,600.00 | Missing | \$ 980,000 | |
| 2861 | 10 | | Missing | Missing | Missing | |
| | 34 | | \$ 11,800.00 | \$ 12,794,000.00 | \$ 98,333.00 | |
| | 37 | | \$ 2,300.00 | Missing | \$ 19,167.00 | |
| | 38 | | \$ 9,600.00 | \$ 2,463,000.00 | \$ 80,000.00 | |
| | 45 | | Missing | Missing | Missing | |
| 418 | 7 | St. Joseph’s Rectory Annex | \$ 5,800.00 | Missing | \$ 48,333.00 | July 2011 |
| 417 | 1 | St. Joseph’s Plaza | Missing | \$ 135,500.00 | Missing | January 2004 |
| | 2 | | \$ 327,000.00 | \$ 1,412,100.00 | \$ 2,725,000.00 | |
| 242 | 8 | Roseville Towers | \$ 248,600.00 | \$ 1,394,600.00 | \$ 2,071,667.00 | September 2001 |
| 261 | 58 | Pathmark | \$ 137,400.00 | \$ 7,415,500.00 | \$ 1,145,000.00 | 15 Years |

Since we were not able to obtain Certificate of Occupancy dates for some abated properties, it is important that NCC complete the “Abatements and Exemptions” spreadsheet to make accurate determinations about when individual property abatements expire. Because we did not have access to all the information required to project abatement expirations dates, we instead compiled a matrix of all NCC abated properties for which expiration dates are not known. This information, presented in Tables 5 and 6, is also included in Appendix E.

Table 5: NCC Abated Lots in Question

| Abatement Identification Number | Block | Lot | Owner | Name | Address | Certificate of Occupancy Date |
|----------------------------------------|--------------|------------|-----------------------------------|----------------------------------|---------------------------------------|--------------------------------------|
| 10 A | 239 | 13 | NC Manor / Parking Lot | Manor Family | 55-79 Jones St. | |
| 10 A | 239 | 43 | NC Manor / Recreation Center | Neighborhood Recreation Center | 56-68 Hayes St. | 3/18/98 |
| 1 A | 239.01 | 80 | Community Commons Associates Ltd. | Commons Housing / Signage | 132-148 S. Orange Ave. | |
| 1 A | 240 | Part of 59 | NC Commons Housing Corp. | | Portion of Newton St. School Property | |
| 1 A | 241 | Part of 16 | NC Commons Housing Corp. | Garden Senior / Medical Day Care | 161 Newton St. | |
| 1 A | 241 | Part of 45 | NC Commons Housing Corp. | Garden Senior / Medical Day Care | 174-176 Bruce St. | |
| 1 A | 241 | 57 | NCC | Commons Family | 23-55 14 th Ave. | |
| 10 A | 245 | 1 | NC Manor Assoc. Ltd. | Manor Family | 228 Bergen St. | |
| 1 A | 246 | 44 | NCC | Manor Family | 228-260 Hunterdon St. | |
| 10 A | 247 | 19 | NC Manor Assoc. Ltd. | Commons Family | 314-324 15 th Ave. | |
| 1 A | 247 | 50 | Community Commons Assoc. Ltd. | Pavilion Community Center | 40-56 14 th Ave. | |
| 10 A | 249 | 15 | NC Manor Housing Corp. | Garden Family | 276-292 15 th Ave. | |
| 10 A | 1904 | 1 | NC Manor Assoc. Ltd. | Manor Senior | 535-551 Orange St. | |

Table 6: NCC Certificates of Occupancy in Question

| Building Name | Certificate of Occupancy Date |
|---------------|-------------------------------|
| Manor | August 1982 |
| Homes Court | December 1978 |
| Gardens | June 1981 |
| Commons | August 1979 |
| Associates | July 1978 |

NCC should check these lots and make sure that the name of the indicated buildings correspond with the address (or addresses) listed for the lot, and that the correct owner is listed.² Adding this information will enable NCC to use the remaining Certificate of Occupancy dates to calculate the exact abatement expiration dates in the spreadsheet. Once these data are complete, NCC can calculate the remaining abatement expiration dates.

Once all the missing data is entered, the key purpose of the “Abatements and Exemptions” spreadsheet is to enable NCC to determine the expiration dates of its property tax abatements, and prepare for the potential resulting tax increases, based on the revalued assessments catalogued in the “Property Assessments Master List.” The recommendations below will help NCC to complete and maintain these spreadsheets, and keep track of the requirements for their abated and exempt properties, such as renewal dates and PILOT payments.

Recommendations

We have several recommendations to make to NCC regarding property tax issues:

1) *Complete the “Property Assessments Master List” spreadsheet:*

² Depending on how NCC has assembled its lots, buildings with two different names can sit on a piece of land covered by one abatement. In this instance, the earliest Certificate of Occupancy date should be used to calculate abatement’s expiration date (July 2003).

- Locate the pre-revaluation property assessments from NCC records or the Newark tax assessor's office and add them to the spreadsheet.
- Obtain the remaining property revaluations from Certified Valuations and add them to the spreadsheet.
- Examine the spreadsheet for lots that might actually be abated, but were not listed on the municipal abatement resolutions. Review the entries flagged with a question mark in the column "status as of 4/03." These lots are part of buildings that are abated, but their lot numbers were not listed on the municipal abatement resolutions that cover these buildings. NCC should make sure that the proper status is given to these lots. St. Rose of Lima's Church (block 1893, lot 10) and Roseville Senior (block 1855, lot 23) are possible candidates.

2) Complete the "Abatements and Exemptions" spreadsheet:

- NCC must calculate the expiration date of the remaining abatements by counting the length of the abatement from the date on the matching Certificates of Occupancy. The anniversary of the Certificate of Occupancy is also the day that all annual Payments in Lieu of Taxes of a building are due.
- NCC will also need to match some Certificate of Occupancy dates to the correct abated lots. The group was unable to complete this process for some lots in the spreadsheet because the names of buildings apparently located on some lots did not match with the name the abatement resolution listed. This is explained in detail above, where we included a table containing the Certificates of Occupancy and abated lots in question.
- A few abated lots in the spreadsheet are vacant, and therefore, have no Certificate of Occupancy date. For these lots, NCC should determine how to ascertain the expiration date of the abatement.

- NCC should also examine the spreadsheet and make certain that all properties it knows to be abated are included. We included all abated lots listed on the abatement resolutions, but it is possible that we may not have found all abatement resolutions in our search of NCC's files. Buildings that we did not come across are Associates and Homes Court.

3) Designate an NCC employee responsible for monitoring abatement expiration dates and exemption renewal dates.

REVALUATION AND THE COMMUNITY

Although the revaluation raises concerns within NCC, it can be just as disconcerting, if not more so, for Newark homeowners who are unaccustomed to the revaluation process. Residents may not understand what revaluation means, how to appeal their property tax assessments, and most importantly, how they will manage to afford an increase in property taxes. As a community-based organization, NCC understands that its success is linked to the overall well-being of the community.

A number of factors combine to make the concern among Newark residents particularly acute. First, because it has been forty years since one last occurred, it is likely that most community members have never experienced a revaluation process. Second, most property owners will see a dramatic increase in their property tax assessment. Although an increased assessment will not necessarily result in an increased tax burden, the magnitude of the assessment increase alone could cause considerable alarm for residents. Third, the protracted political and legal battles, and contentious rhetoric that preceded the revaluation process in Newark heightened community concern. The City's adamant resistance to revaluation garnered significant media attention, and, for some residents, reinforced the notion that revaluation should be avoided. Lastly, for the high proportion of Newark residents who live on a fixed or modest income (and are therefore, less able to bear an unexpected increase in costs), the revaluation renders potentially dire financial consequences.

While the media often focus on the political aspects of the revaluation, there is little information provided for residents. Understandably, many residents have turned to NCC, a trusted

organization, to gain a better understanding of what the process means to them in personal terms. Property owners want, and need, to be aware of how the process affects them as individuals.

Residents who do not understand how property tax is calculated will likely be alarmed by their new assessments. Until the City determines the tax rate, it is impossible to fully understand the impact of revaluation on an individual property and its owner. Residents must have access to information that explains the nature of the property tax calculation in order to prevent undue alarm. Furthermore, residents must be aware of opportunities to discuss and, where appropriate, appeal reassessments.

Property owners who believe their property reassessments are overvalued by more than 15 percent, had until April 15, 2003 to file a petition of appeal with the County Tax Board. Even though that deadline has passed, some residents may not have been aware of the opportunity to appeal their assessment. Other residents, shocked at the large increase in their assessment, may have rushed into an appeal before determining the accuracy of the assessment. Property owners who appeal their assessment are scheduled a hearing date, at which time the hearing, petitioners must inform the Tax Commissioners of what they believe to be the accurate market value of their property. Petitioners must support appeals with credible evidence, usually in the form of other neighborhood sales. In such hearings, the burden of proof rests with the property owner to effectively demonstrate that the assessment is unreasonable. Residents who want to appeal their assessment should be encouraged to evaluate their ability to meet this burden before filing the petition of appeal.

Additionally, residents may not be aware of various property tax relief programs that may be available to them. The State of New Jersey offers a number of general property tax relief mechanisms for which residents may unknowingly be qualified. Residents who are increasingly burdened by their property tax because of the revaluation may find great benefit in these State programs. Furthermore, the New Jersey State Legislature recognized that the unique circumstances of the revaluation process in Newark had the potential to be especially burdensome for residents. To lessen the “fiscal shock” associated with Newark’s revaluation, the Legislature passed an act authorizing the City of Newark to phase in revaluations over a five-year period. The act made relief available to those property owners whose taxes increased at a

rate greater than the average increase for the entire city. However, at this time, the status and implementation of this special relief program is unclear. Concern over the constitutionality of the proposed phase-in program may lead to an alternative use of the money that had been set aside for this purpose. Current and potential lawsuits surrounding the revaluation and the relief program further complicate the situation and render its existence uncertain (Mays 2002).

There are several actions that NCC could take to assist residents with the revaluation process:

- *General Education:* NCC may wish to provide residents with literature that plainly explains revaluation. For example, NCC could devote a section of *The Clarion* (the organization's community newsletter) to the revaluation process. This section provide a wealth of information, including: providing background information on the legal basis and need for revaluation, providing updates on the status of the process, explaining expectations for the future, and answering any specific questions that may circulate in the community.
- *Pamphlets:* NCC can publish pamphlets explaining the revaluation in a more comprehensive and detailed fashion. We created a sample brochure that could serve as a template for such purpose (Appendix F). NCC could update this brochure as conditions change, and distribute it to residents at community meeting places, shopping centers and churches, as well as at NCC housing and training sites. It may also be useful to distribute the brochure through targeted mailings.
- *Dedicated Staff Member:* NCC may choose to dedicate a specific staff member as a contact person for residents concerned about the revaluation. A single, knowledgeable individual would ensure that the information provided by the organization is accurate and consistent.
- *Community Meetings:* Depending on community interest, NCC may want to sponsor community meetings to provide community members with information on the revaluation.
- *Appeal Preparation:* NCC may choose to provide assistance to residents who have appealed their property tax assessments. NCC could work alone, or by collaborating with

other entities (including the Rutgers University Newark Law School) to provide one-on-one assistance to residents planning to appeal their assessments. Again, depending on community interest, NCC may wish to conduct group workshops to explain the process in detail.

- *List of Resources:* NCC may also wish to maintain and distribute a listing of the various municipal, county and state agencies that can assist residents with any questions that they have. Such listing should describe the function of the agencies and provide accurate contact information for each.
- *Listing of Relief Programs:* NCC may choose to create a comprehensive list of property tax relief mechanisms. This list should describe the nature of relief, the eligibility requirements, associated deadlines and instructions for application. Furthermore, it should direct residents to the appropriate agency for further information on the program.

FIELD SURVEY

NCC asked us to help identify promising areas for future development. NCC wants to expand where it already has a presence and wants to expand the services, especially to Newark's growing Latino community. We worked closely with NCC staff to identify three areas for potential redevelopment near the Douglass-Harrison housing complex, the Hispanic Development Corporation, and the Youth Automotive Center. We inventoried the parcels in these three areas and recorded parcel occupancy, land use, building condition and construction status, took photos of properties, and located them using GPS (global positioning system) (see appendix x for the survey instrument and other materials). We added these data to our database and created maps showing the location of land and land use type for parcels owned by the Board of Education, the Newark Housing Authority, the City of Newark, and others.

DOUGLASS-HARRISON AREA

Neighborhood Profile

The boundaries of the Douglass-Harrison area are Montgomery Street to the north, Muhammad Ali Boulevard to the south, Belmont Avenue to the west, and Martin Luther King Jr. Boulevard, a major north-south corridor, to the east. This area is a short walk from downtown and Newark's five Universities. It lies immediately east of the Newark Housing Authority's Hope VI revitalization area.

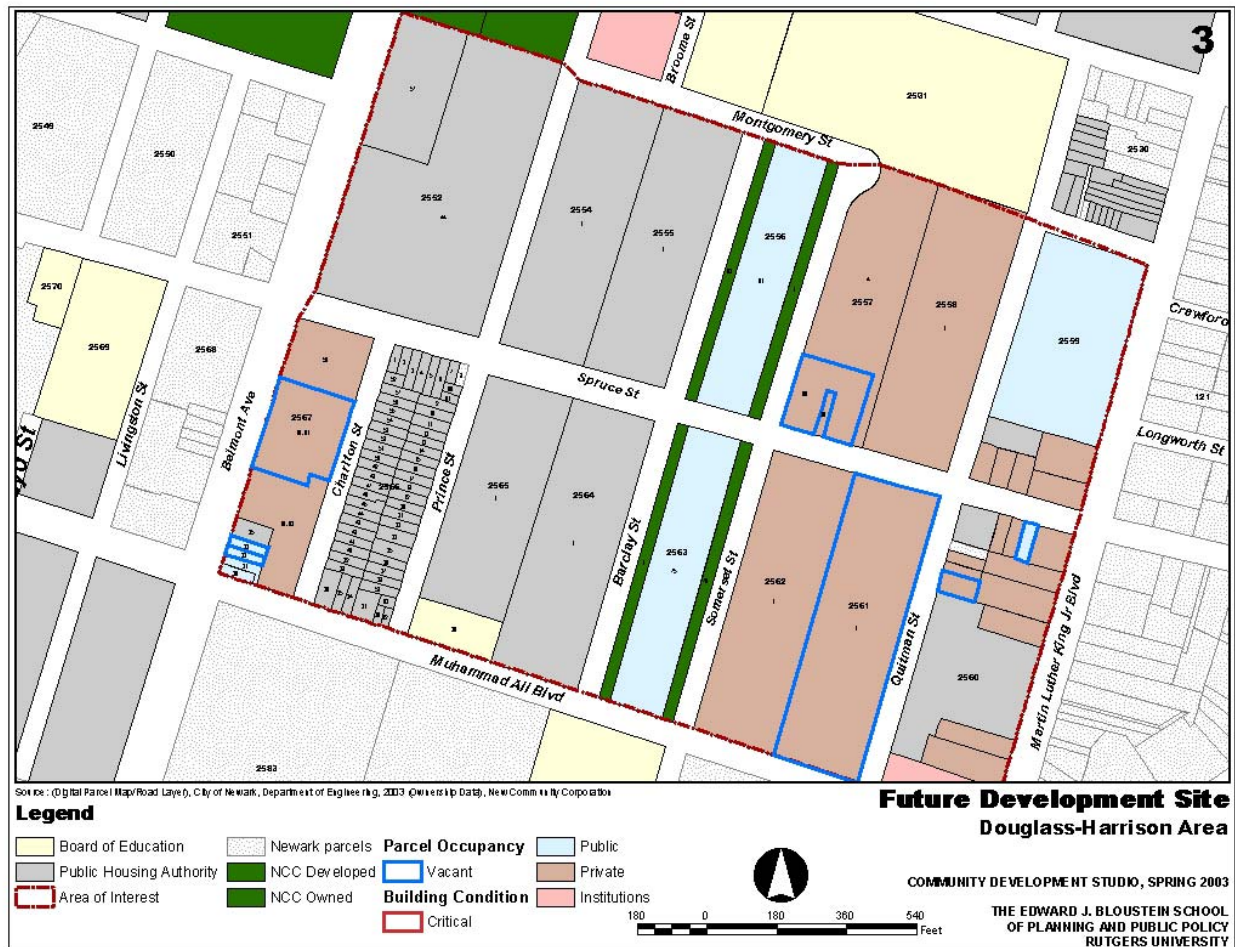
NCC wants to focus on the Douglass-Harrison area for potential future development because the present situation is making it necessary. The City and the Newark Housing Authority, with the support of the federal government, are demolishing high-rise public and federally assisted housing and replacing it with low-rise, low-density housing along with new neighborhood institutions. New town homes are planned to replace the high-rise Stella Wright housing project; the last of its towers was imploded in 2002. NCC's Douglass-Harrison is a mid-rise apartment

complex built in 1934. There are 757 units housed in 12 buildings that are some of the last remaining buildings of their kind in an area that was once dominated by this type of mid- and high-rise public and publicly assisted development. NCC agreed to take them over in 1985 from Prudential Insurance. Almost immediately, NCC found itself frustrated by the building design and the condition of the units. And despite its own security force, NCC found that it could not adequately secure the properties because the buildings are constructed around City-owned parks, which must be publicly accessible.

Douglass-Harrison houses some of Newark's poorest people. Eighty two percent of the residents of Douglass-Harrison have incomes below \$10,000. The poverty level determined by the Federal government for a family of four is \$18,104. The average income for 216 households in Douglass-Harrison is \$5,218; fully 49 households have an average income of \$2,204. The rent for unsubsidized apartments in Douglass-Harrison is \$400 a month (New Community Corporation Clarion, December 2002).

NCC has created a four-phase strategy to keep Douglass-Harrison open. The organization's goal is to build a supportive housing environment with one entrance to the grounds that would be manned by a police staff. However, the City-owned park space in the middle of the complex is funded with Green Acres dollars. Therefore, NCC would have to relocate the park to somewhere else within the immediate area. This is a major obstacle standing in the way of Douglass-Harrison's rehabilitation.

Map 4: Douglass-Harrison Area



Survey Results

The Douglass-Harrison area is densely populated. Most of the properties in this area are occupied and are being used for residential purposes. There are many types of housing surrounding Douglass-Harrison. The privately owned parcels contain a variety of housing from low- and mid-rise apartment buildings to multi-family houses. The Newark Housing Authority owns a large amount of property in the targeted area.

The majority of the buildings are walk-ups with more than two families residing within. There are seven vacant lots. The City owns three of the vacant lots and the other four are privately

owned. 165-177 Irvine Turner Boulevard is what appears to be an out-of-business laundry mat in a vacant building.

When surveying the Douglass-Harrison area, we found the people to be quite engaging. The area is teeming with activity, and residents appeared to be involved in their community. Several neighbors asked why we were in their neighborhood. Other residents eagerly approached us to share their anecdotes of Newark's changing character and their future hopes for their neighborhood. One elderly male approached the survey team and offered to be our escort. It is a heavily populated and very dense area, and there is not much land available for acquisition.

Conclusion

Much of the land in the Douglass-Harrison target area is occupied. The Newark Housing Authority owns the large vacant lots that are not occupied and there are plans to develop those parcels. Therefore, there are few possibilities for the organization. Instead, NCC may want to consider expanding its search outward to the surrounding blocks. Before NCC can go forward with its plan for Douglass-Harrison, it has to make sure it can find vacant land for the Green Acres-funded parks.

YOUTH AUTOMOTIVE CENTER AREA

Neighborhood Profile

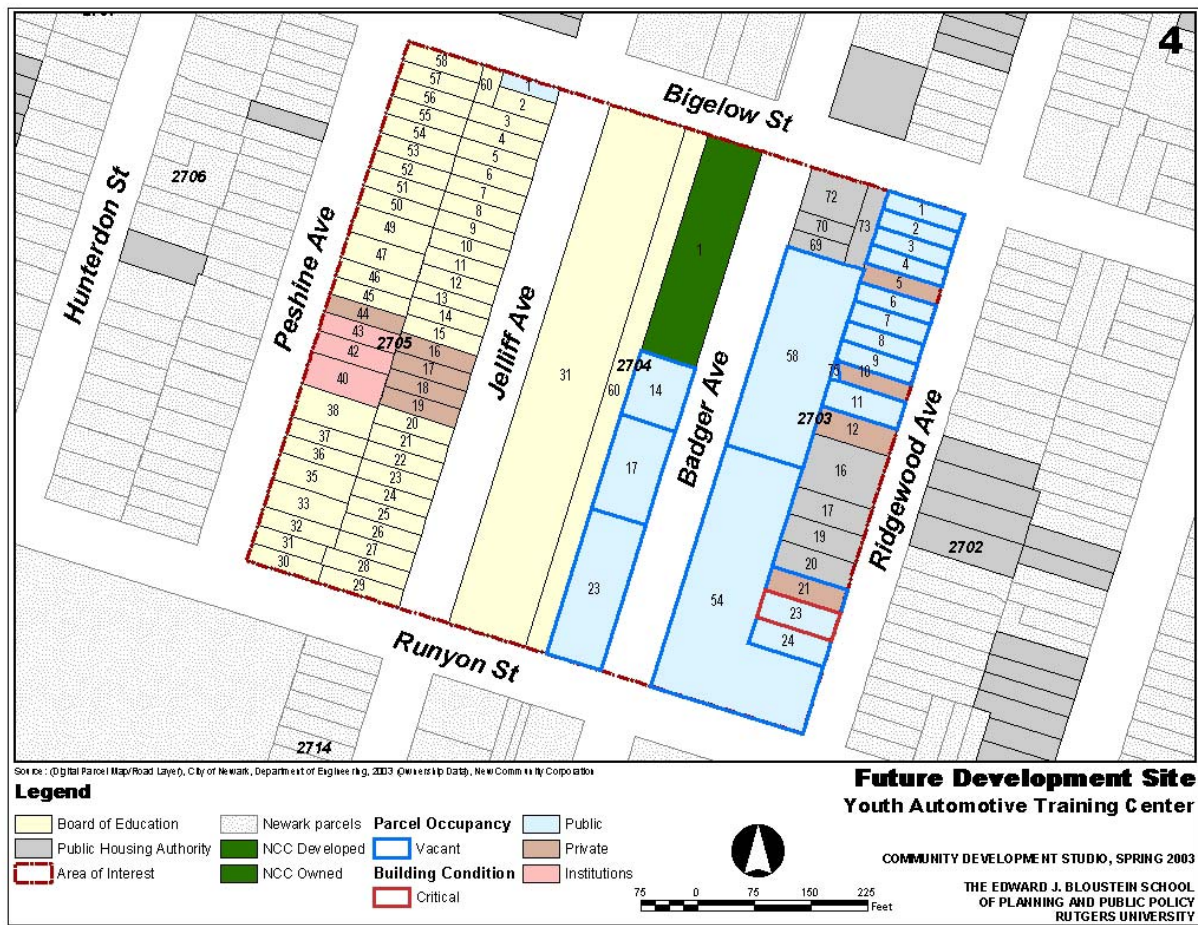
The Youth Automotive Training Center (YATC) area is located in the South Ward and is bordered by Bigelow Street on the north, Runyon Street on the south, Peshine Avenue on the west, and Ridgewood Avenue on the east.

NCC selected this area for potential future development because its highly successful Youth Automotive Training Center is located here. NCC is interested in acquiring property to expand the YATC or expand its services into the area. There is a considerable amount of vacant land in

the surveyed blocks, and the Newark Board of Education is constructing the Runyon Street replacement school on the block just west of YATC.

The YATC is located on West Bigelow Street. It is a full-service facility for auto repair that contains a full service garage with state-of-the-art equipment and tools, as well as a brand new classroom with the latest technology and a computer lab. The Automotive Training Program, a joint effort with Hillside Auto Mall and Ford Motor Company, presents students with the opportunity to receive hands-on training to prepare them for a career in the automotive industry. YATC trains young people for careers by imitating the workplace through uniforms and a time clock. Once the students graduate from the fifteen month program, they can earn \$8-\$12 an hour. The goal is to move through the ranks to make \$40,000 within five years. This is a successful program and few of the youth who have participated in the program have returned to their former at-risk lifestyles (www.newcommunity.org).

Map 5: Youth Automotive Training Center Area



Survey Results

The area surrounding the YATC is not heavily populated. A major development already occurring in the area is the construction of a new school immediately to the west of the YATC, on Jeliff Avenue and Peshine Avenue. Most of the land on the remaining two blocks to the south and the east surrounding the YATC is vacant. There are seventeen vacant lots total on Badger Avenue and Ridgewood Avenue. Sixteen of these vacant lots are owned by the City of Newark. A private individual owns one lot. There is one other lot owned by the City that contains a building in critical condition. This building is flanked by vacant lots on either side of it. There is also some property across the street from YATC on Badger Street that is owned by the Newark Housing Authority.

There is some housing in the surveyed area but no commercial uses. The Housing Authority owns some of the housing and some is privately owned. There were very few people outside during the survey and the area seemed deserted.

Properties owned by Newark that are vacant and unused are 155 Ridgewood Avenue block # 2703 lot # 1, 157 Ridgewood Avenue block 2703 lot # 2, 159 Ridgewood Avenue block # 2703 lot # 3, 161 Ridgewood Avenue block # 2703 lot # 4, 165 Ridgewood Avenue block # 2703 lot # 6, 167 Ridgewood Avenue block # 2703 lot # 7, 169 Ridgewood Avenue block # 2703 lot # 8, 171 Ridgewood Avenue block # 2703 lot # 9, 175-177 Ridgewood Avenue block # 2703 lot # 11, 199 Ridgewood Avenue block # 2703 lot # 23, 201-203 Ridgewood Avenue block # 2703 lot # 24, 272-296 Badger Avenue block # 2703 lot # 54, 250-270 Badger Avenue block # 2703 lot # 58, 173 Ridgewood Avenue Rear block # 2703 lot # 75. 265-269 Badger Avenue block # 2704 lot # 14, 271-279 Badger Avenue block # 2704 lot # 17, 281- 295 Badger Avenue block # 2704 lot # 23.

Conclusion

This area has more potential for development than any of the other surveyed areas. The YATC is surrounded by vacant property that could be used for development. When the school opens, the area will not be as deserted as it is now. There are many opportunities for NCC to acquire property in this area and expand its services. There are three bus routes that are easily accessible in the surrounding area. Anything that NCC chooses to do down here, such as housing, services, or an expansion of the YATC would be beneficial. This area is in need of development now and it will continue to develop when the new school opens, bringing more residents to the area.

HISPANIC DEVELOPMENT CORPORATION AREA

Neighborhood Profile

The Hispanic Development Corporation (HDC) area is bordered by 7th Avenue West to the north, Orange Street to the south, Roseville Avenue to the east, and 13th Street to the west. The

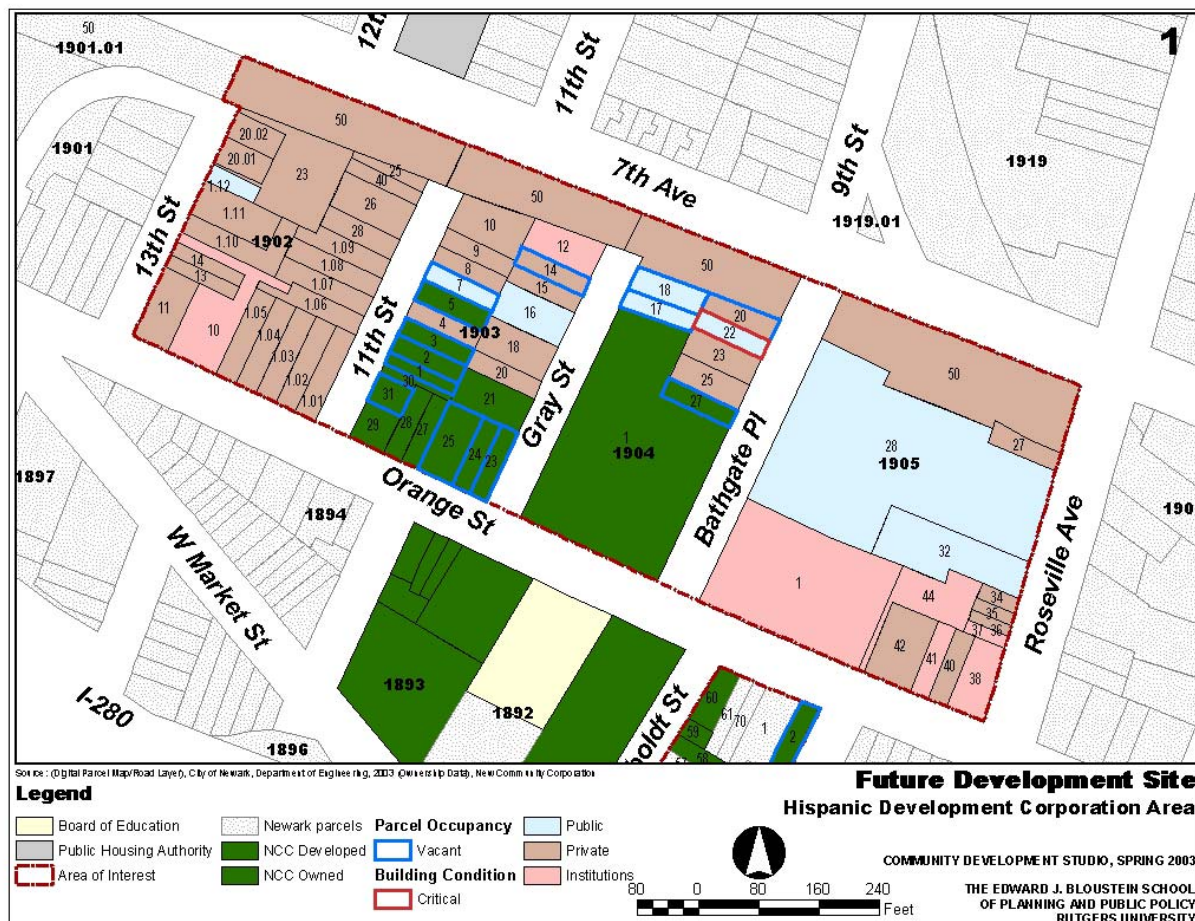
area is located in the Lower Roseville section of the West Ward. Located just north of I-280, this area is three blocks east of the Newark-East Orange boundary.

NCC identified this area surrounding the HDC as an area of potential development because it wants to expand its reach into the Spanish-speaking community. There is already a considerable NCC presence in the area because, in addition to the HDC, Manor Senior is within this target area. St. Rose of Lima Church, school, and Rectory are located in the immediate vicinity across the street from the HDC and Manor Senior.

The HDC was founded in 1991. Its primary goal was to provide services to the low-income population of the neighborhood. Today, it serves the Spanish-speaking residents of the area by providing classes of English for Speakers of Other Languages (ESOL) and direction for those needing assistance with food, shelter, and job placement. The HDC offers cultural events annually in an attempt to help the Latino culture. It also works with residents to improve the community by assisting in the development of programs and the organization of residents to work on community issues. The HDC holds seminars, workshops, and classes to educate the population on different issues, and works with the community politically to increase both voter registration and representation on boards that deal with neighborhood issues. Immigration services are available to residents through the HDC, as well. (Source: www.newcommunity.org)

Manor Senior is a ten-story high rise that houses senior citizens, handicapped and disabled households in 154 Section 8 units. It was built in 1983 and is located on the corner of Orange Street and Gray Street, across the street from the HDC. The building has two elevators, on-site parking, an intercom/CCTV system, laundry, and a community room. NCC also provides an on-site social worker and medical care facility, as well as 24-hour security. Manor Senior is near NCC's medical facilities, and is convenient to shopping centers and public transportation (New Community Corporation Housing Brochure).

Map 6: Hispanic Development Corporation Area



Survey Results

The majority of the neighborhood surrounding the HDC is residential. The only commercial uses in the targeted area were located two blocks east of the HDC, on Roseville Avenue. The other three targeted blocks were mainly residential. The homes on Bathgate Place, behind the Rectory, were in good condition, with the exception of one building that was in critical condition. The houses located behind the HDC on Gray Street and North 11th Street were in good condition as well. The homes on the block west of the HDC were well kept and in good condition. There were also a few homes in the area that were in excellent condition. There were few people outside while we were conducting the survey. Unlike the other areas we surveyed, the residents in this area did not seem interested in what we were doing.

There is some potential for development in this area. There are fourteen vacant lots between block 1903 and 1904. NCC owns nine of these vacant lots. One lot is located on Bathgate Place, behind the Rectory. The remaining eight lots are located around the Hispanic Development Corporation, on Orange Street and North 11th Street. The City of Newark owns three of the vacant lots. One is located next to an NCC-owned vacant lot on 11th Street. The other two are located next to the railroad tracks on Gray Street. The City also owns a lot containing a structure that is in critical condition on Bathgate Place. The remaining two vacant lots are under private ownership. One of these lots is located on Gray Street, and the other is located next to the lot containing the critical building. The rest of the parcels within the target area are developed.

The first block, 1902, borders North 11th Street, Orange Avenue, North 13th Street, and 7th Avenue West. The lots on this block (1.01, 1.02, 1.03, 1.04, 1.05, 1.06, 1.07, 1.08, 1.09, 1.10, 1.11, 10, 11, 13, 14, 20.01, 20.02, 25, 26, 28, and 40) are used for residential purposes and contain either single-family or two-family houses. Lot 1.12 is an accessory lot to parcel 1.11 and provides residents with a place to park vehicles. Lot 23 contains an industrial use, and this electrical plant is located on a lot that wraps around behind the houses on lots 20.01 and 20.02. Lot 50 contains the railroad tracks.

North 11th Street, Gray Street, Orange Street, and Seventh Avenue West border block 1903. Lots 1, 2, and 3, located on North 11th Street, combine to form a large vacant lot. Lot 4, located on North 11th Street, contains a structure in good condition that is used for single or two-family residential. Lots 5, 7, 8, 9, and 10 on North 11th Street make up another vacant lot. Lot 12 on Gray Street contains a structure that looks like a church that is under construction. Lots 14 and 15, and 16 and 18 contain residential structures in good condition and the side yards of the houses. Lots 20 and 21 contain a vacant lot being used for parking by the residents in the house next door. Lots 23, 24, and 25, on Orange Street, together form a large open space with trees. There are two separate lots listed as lot 31. The first is on Bathgate Place, but this lot was present on the list for another block. The second lot listed as 31 is located on North 11th Street and contains a vacant lot. Finally, lot 50 is a continuation of the railway from block 1902.

Block 1904 is located between Bathgate Place, Orange Street, Gray Street, and 7th Avenue West. Lots 17 and 18 on Gray Street are vacant lots that contain dumped garbage. Lot 20 on Bathgate

Place has a brand-new house on it that looks like it is suitable for a single family house. Lot 22 contains a house in critical condition with boarded windows, while lots 23 and 25 contain structures in good condition and are used for residential single or two-family houses. Lot 50 on this block is another continuation of the railway.

Block 1905 is bordered by Roseville Avenue, Orange Street, Bathgate Place, and 7th Avenue West. Many of the lots on Roseville Avenue are commercial. Lot 1 is located on Orange Street and is a religious institution that has new construction. Lot 27 on Roseville Avenue is an historic building that is a vacant pub. Lots 28 and 32 are part of the National Guard Armory. Lots 34, 35, and 36 contain a small strip of shops. The building housing the shops is in good condition. There is a dry cleaner on lot 34, a Chinese restaurant on lot 35, and a vacant storefront on lot 36. Lot 37 is the rear part of a religious institution and the building condition is good. Lot 38 is located on Orange Street and looks like a residential building above the ground level religious building. Lots 40 and 41 are also located on Orange Street and they contain buildings for commercial uses of office buildings and manufacturing. Lot 42 is a parking lot and lot 43 is an accessory lot. Lot 50 is, again, a continuation of the railway that ran at the end of each of the surveyed blocks in this area.

Conclusion

NCC owns most of the vacant property in this targeted area. It might consider expanding the HDC onto the vacant lots surrounding the building so the building could then accommodate a larger number of people. There are three bus routes in the surrounding area that are easily accessible so there is adequate transportation for the residents to attend events at the HDC. There are three childcare centers nearby so NCC may not want to consider opening another one on this vacant property. However, a healthcare center may be an idea for this site.

NCC may also want to consider trying to acquire the three vacant lots behind Manor Senior. The city owns two of those lots and the third is privately owned. Next to these vacant lots, there is a lot owned by the City containing a building in critical condition. If NCC is able to acquire these lots, then it would have opportunities to expand services for seniors in the area.

VACANT PROPERTIES

We also conducted surveys of NCC's vacant land, in order to provide the organization with information about the condition and nearby land use of their vacant parcels. Maps 7 and 8 display NCC's vacant properties.

Map 7: NCC Vacant Land in the Central Corridor



Map 8: NCC Vacant Land in Upper Central Ward



CONCLUSION

PROJECT SUMMARY

As NCC looks toward the future, the organization must remain cognizant of Newark's dynamic economic, political and social circumstances. The city's renaissance is indeed a phenomenon worth celebrating. The infusion of residential and commercial development, along with a revival of Newark's art centers will continue to improve the quality of life in the city. However, these good times cannot cloak the continuing struggles of many Newark residents. Many people still require the affordable housing, healthcare, social services, education, workforce training and empowerment that NCC offers. It is for this reason that NCC must develop a future development plan that will guide the organization through another generation of service.

The information provided by the Bloustein School Community Development Studio will undoubtedly contribute to NCC's strategic planning process. In addition to this written analysis, other deliverables from this project include a comprehensive electronic database containing all the information we collected. We have also provided magnified reproductions of the maps in this report for organization use. If NCC is committed to updating this database regularly, this resource will become one of the key elements directing NCC's future development and service delivery.

The Studio met NCC's request to identify and map all properties, and also conducted a comprehensive survey of targeted NCC properties to provide the organization's Development Department with accurate information on availability, land use and condition. As a result of this survey, NCC will have a greater understanding of existing opportunities for development within their specified areas.

The Studio used information from Certified Valuations, Inc. the City of Newark, and several other sources to provide NCC with analysis on the impact of the city's revaluation process on their operations. Because much of NCC's property is currently abated from taxes, the revaluation analysis considered NCC's tax burden at the expiration of those abatements. While

we cannot make exact predictions on NCC's post-revaluation tax burden (because Newark's property tax rate has not been set), the detailed information in the spreadsheets lay the groundwork for NCC to calculate its taxes when possible.

Finally, because NCC is not only concerned with it's own fate, but is equally concerned about the well-being of the residents it serve, the revaluation analysis included recommendations on how to assist Newark residents through the revaluation process.

The Future of Community Development

Although NCC was the client for this studio project, the potential benefits of this work stretch even farther than NCC. Due to several factors – the methodologies of each team, the integration of public policy and grass roots community action, and the extensive use of GIS mapping technology – this project is an example of the future of community development. Specifically, our reliance on data was highlighted in mapping, a powerful tool that is emerging within the field. Federal, state, and local officials have had access to this technology for quite some time, however, the ability for communities to visually represent their own demographic, property, land use, and other data provides CDCs and residents an amplified voice. Access to accurate spatial data and the GIS technology in order to manipulate that data can certainly enhance the possibilities of participatory planning. The information provided to NCC will allow this organization to continue its work, but on a much more sophisticated level. The technology is a resource that can be used in all aspects of the organizations operations - from securing funding to planning future development.

For this studio, *Mapping the Future of Community Development* was not simply a title, but rather recognition of another useful tool within the field that has contributed so greatly to communities around the world.

For the participants in the studio, this endeavor was an enlightening, practical experience working in one of the most vibrant urban areas in the nation. The Bloustein School trusts that NCC also considers the project a success, and looks forward to utilizing the studio to collaborate with communities around the state of New Jersey.

BIBLIOGRAPHY

- Babineau, Anne S. "New Tax Abatement Statutes Offer Flexibility to Tailor the Abatement to the Project." *New Jersey Municipalities: Magazine of the New Jersey State League of Municipalities*, June 1992.
- Coleman, Henry A., Kathleen Cupano, and Ernest C. Reock. "The Potential Impacts of Revaluation on Property Tax Burdens In Newark," The Center for Government Services, Edward J. Bloustein School of Planning and Public Policy, Rutgers-The State University of New Jersey, 1999.
- Community Development Studio 2002. "Building Community: the Work of the New Community Corporation", 2002.
- Dickenson & McCormick, Inc. "City of Newark Tax Impact Projection Following a Revaluation", May 1998.
- James, Sharp. "Seventeenth Annual State of the City Address", January 30, 2003.
- Mays, Jeffery C. "On deadline, Newark Tax Office Sees Rush of Appeals", Newark Star-Ledger, April 16, 2003.
- NCC. *New Community Clarion*, December 2002.
- NCC. New Community Corporation website. www.newcommunity.org, April 28, 2003.
- Taylor, David. Supervisor of Field Representation, NJ Division of Taxation. April 15, 2003. Telephone interview.
- Tickin, Michael. Chief Legislative Analyst, NJ Department of Community Affairs. February 25, 2003. Telephone interview.
- Rutgers, The State University of New Jersey , Community Law Clinic – Newark Law School. "Revaluation Handbook: The Newark, New Jersey Case Study", May 2002.
- Zangari, Ted and James Turteltaub, "Property Tax Appeals – Are You Entitled to a Reduction in Assessment", The Metropolitan Corporate Counsel, Northeast Edition, March 2000.

APPENDICES

Appendix A: Neighborhood Map

Appendix B: Demographic Analysis

Appendix C: Property Assessment Master List

Appendix D: Original NCC Property Master List

Appendix E: NCC Abatements and Exemptions

Appendix F: Revaluation Brochure

Appendix G: Tax Policy Group Methodology

Appendix H: Field Survey Team Methodology

Appendix I: Survey Instrument

Appendix J: Sample Survey Sheet

Appendix K: Data Management Team Methodology

Appendix K: NCC Properties Database and Codes

Appendix L: Unknown Parcels

Appendix M: GIS Mapping Team Methodology