

John McDonough Associates, LLC

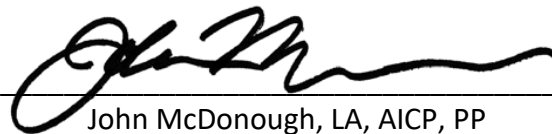
Land Use Planning · Landscape Architecture

**FISCAL REPORT
HARBOR STATION SOUTH
GENERAL DEVELOPMENT PLAN**

LOCATED AT

**BLOCK 751, LOTS 1.06, 1.07, 1.08, 1.09, 1.10, 1.12, 1.14 & 1.16
CITY OF BAYONNE
HUDSON COUNTY, NJ**

(January 5, 2024)



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The original of this report was appropriately signed and sealed in accordance with New Jersey Law

Overview

This Fiscal Report is prepared in connection with an application submitted by Shree Lakshmi Vardayini Urban Renewal LLC for a General Development Plan (“GDP”) in accordance with City of Bayonne Ordinance §33-11.12. The contents of this report are intended to address the GDP submission requirement under Ordinance §33-11.12.b.10., which in essence requires a description of the anticipated fiscal revenue that will be generated and a description of the anticipated fiscal demand on municipal services that will be generated as a result of the GDP.

The subject site is an assemblage of eight (8) contiguous parcels identified on the City of Bayonne tax roll as Block 751, Lots 1.06, 1.07, 1.08, 1.09, 1.10, 1.12, 1.14 & 1.16. In aggregate these parcels comprise approximately 19.65 acres. The site is part of the former Military Ocean Terminal at Bayonne (“MOTBY”), which is undergoing major transformation into a thriving mixed-use center with commercial and residential uses. Currently, Phase 1 of the approved redevelopment plan is underway with the construction of a one hundred fifty-nine (159) dwelling unit building with retail, parking, and a pedestrian plaza on Lot 1.06.

The proposal updates the GDP that was originally approved on September 23, 2019 (Case P-19-022), which included the subject lots and some neighboring lots. This updated GDP plan continues the much-anticipated redevelopment and revitalization of the MOTBY peninsula. This updated GDP plan contemplates a master-planned mixed-use redevelopment that will consist of multiple buildings featuring approximately 499,600 square feet of commercial space, a new 500-key hotel, and 11,900 residential housing units.

The development generated by this GDP will increase the substantial fiscal benefits to the City in the form of tax revenues and will stimulate economic development with thousands of homes for residents, a destination for consumers, and many temporary and permanent jobs that will be generated by this substantial commercial and residential development. This is a significant improvement over the current condition and will provide additional fiscal revenue for the City.



Figure 1 – Site Location Map (site boundary outlined in yellow)

Project Revenue

The proposed development will generate fiscal revenue for the municipality. The following tables indicate revenue under a PILOT program (Payments in Lieu of Taxes). The fiscal benefit of a PILOT program is that the municipality captures a much higher percentage of the fiscal revenue (95%) than under conventional *ad valorem* taxation. Moreover, government lands are tax exempt and the MOTBY facility has historically not generated any fiscal revenue for the City of Bayonne.

Rent Rolls

The projected rent rolls based on use categories are provided in **Table 1** below. The total projected annual rent from the mixed-use development under full build-out is **\$ 347,819,300**.

Table 1 ~ Rent Rolls

| Unit Type | Units | Average Rent | Annual Rent |
|-------------------|------------|------------------|-----------------------|
| Residential * | 11,900 DU | \$ 2,171/mo | \$ 310,018,800 |
| Commercial | 499,600 SF | \$ 30/sf/yr | \$ 14,988,000 |
| Hotel | 500 KEYS | \$ 125/key/night | \$ 22,812,500 |
| TOTAL RENT | | | \$ 347,819,300 |

* Mix of Studios, One Bedrooms, Two Bedrooms, and Three Bedrooms

PILOT Service Charges

Under a PILOT program the municipality receives revenue as service charges. **Table 2** below provides a breakdown of the PILOT service charges and revenue based on 10% of the project's annual gross revenue (AGR).

Table 2 ~ PILOT Revenue

| | |
|---|-----------------------|
| PILOT Revenue Calculation | |
| AGR | \$ 347,819,300 |
| Service Charge Rate | 10% |
| PILOT Service Charge | \$ 34,781,930 |
| City Portion of PILOT | 95% |
| PILOT Service Charge (Bayonne Portion) | \$ 33,042,834 |
| City Administration Fee Rate | 2% |
| City Administration Fee | \$ 695,639 |
| Total PILOT Revenue (Bayonne Portion) | \$ 33,738,472 |

Project Costs

The proposed GDP will require municipal services for the new residents and the workforce that the project generates. These services include police and fire protection, local roads, buildings, and vehicle maintenance. The project will also generate public school age children that will require public education services.

Tables 3 provides a breakdown of projected municipal costs and school district costs. It is noted that the cost breakdown below is extremely conservative, since projects of this type do not have public roads and tend to require less municipal services such as public works and refuse hauling.

Table 3 ~ Per Capita Costs

| Unit | Quantity | Per Capita Cost | Total Cost |
|--|----------|-----------------|---------------------|
| Resident Population ¹ | 20,190 | \$ 100 | \$ 2,019,033 |
| Public School Children Population ² | 140 | \$ 12,000 | \$ 1,681,867 |
| Workforce Population ¹ | 576 | \$ 100 | \$ 57,649 |
| Total | | | \$ 3,758,549 |

Sources:

1. Resident and workforce population multipliers based on Rutgers 2006 Housing Study, "Who Lives in New Jersey"
2. Public school children multipliers based on Rutgers 2018 Housing Study, "School-Age Children in Rental Units in New Jersey"

Conclusion

The proposed GDP will result in a substantial fiscal net positive for the City of Bayonne. **Table 4** below provides a breakdown summary of the cost/revenue analysis in the first year under full build-out and calculates a fiscal surplus of **\$29,979,923** for the municipality and school district. The cost estimate is extremely conservative as noted in the report, and the actual surplus will likely be higher. The fiscal surplus will be cumulative over the years.

Along with the project's fiscal benefits, there will be economic benefits for the City of Bayonne, including the generation of jobs and a consumer population to support local businesses, as well as substantial development application fees and utility hook-up and flow fees. In addition to the revenue noted above, the hotel will generate hotel taxes and the businesses will generate sales taxes.

Table 4 ~ Cost/Revenue Summary

| Item | Amount |
|---------------------------------|---------------------|
| PILOT Revenue (Bayonne Portion) | \$ 33,738,472 |
| Costs (school + municipal) | \$ 3,758,549 |
| Total (surplus) | \$29,979,923 |

Qualifications of Preparer

John McDonough Associates, LLC is a land use planning and landscape architecture consulting firm with office location in Parsippany, New Jersey.

John McDonough, LA, PP, AICP is a licensed professional planner and landscape architect in the State of New Jersey. Both licenses are current and in good standing. He is also a member of the American Institute of Certified Planners.

All licenses have been obtained through requisite showing of educational and experience requirements and passing of license examinations (none have been achieved through reciprocity). All licenses have been maintained through participation in mandatory continuing education courses.

Mr. McDonough has been practicing as a land use consultant for over 30 years. He has been recognized as an expert in land use matters before hundreds of boards and commissions throughout the State of New Jersey, and in Superior Courts. He has been a regular speaker at the League of Municipalities annual conference and at Rutgers University Bloustein School of Planning and Public Policy.

Qualification Statement

This document is for planning purposes only and is not intended to serve as a certified financial document for audit, accounting, or other purposes. It is not intended to be binding upon the redeveloper or municipality in connection with any financial agreements.