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Passaic OKs PILOT for project to rehab its oldest apartment complex

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PASSAIC — Plans to rehabilitate Alfred Speer Village took another leap forward on May 19 with the City Council's approval of a 30-year tax agreement.

The PILOT or payment in lieu of taxes agreement, is needed to obtain the funding from The New Jersey Housing and Mortgage Finance Agency, said Jonathan Cortell, who is heading the effort to rehabilitate Speer Village.

The tax abatement is needed for the Passaic Housing Authority, which owns the property, to obtain $41 million in NJHMFA funding, Cortell said. This will allow for the rehabilitation of 256 units in four of the six buildings.

The Passaic Housing Authority will retain ownership of the land but will turn over the buildings to Alfred Speer Preservation Owner LLC, officials said. The authority will work with Cortell's company, Cortell Development Group, and L+M Development Partners LLC to rehab 256 units among four of the six Aspen Place buildings.

The collection of rents and maintenance fees is the responsibility of the developer and not the Housing Authority, Passaic Mayor Hector Lora said.

None of the current occupants will be forced out of their apartments. Instead they will be offered a temporary living space and given first choice if they want to move back into their apartment or another available vacant one.

The PILOT is only for the rehabilitation portion of the four buildings in the rear. The financial agreements for the other phase have to be negotiated, but the current agreement exceeds the Housing Authority's payments to the city, officials said.

This first phase is for a 100% affordable project, Lora said. The other phases will include a mix of affordable housing, workforce and market rate units with mixed commercial spaces as well.

In the second phase, the other two buildings both fronting on State Street will be demolished and rebuilt with commercial rental spaces on the bottom floor and a mix of market and affordable residential units in the new buildings. It will also increase the number of units on the site from 383 to more than 500, providing more affordable housing options.

The PILOT provides the city with 3% of rents and other revenues collected for the property. Cortell said that once the new buildings and commercial spaces are built and rented, they will bring in higher rents.

"This will offer higher PILOT payments," Cortell said.

Long overdue project

Alfred Speer Village, the city's oldest public housing complex, sits at one of the entry points to the city on State Street. City officials said these buildings are more than 70 years old and are long past the point of patch jobs and minor fixes.

In 1945, the city created a housing authority to provide safe, decent and affordable housing for its residents. The first developments, Vreeland Village and Speer Village, were completed and ready for residents in the summer of 1953.

The project helps the families living there and the city as well. It is one of the first sights visitors see when coming off Route 21. By upgrading the buildings and adding a mix of families from a variety of backgrounds and incomes, it promises to lift all boats, Lora said.

Families, particularly children, do better when they see brighter possibilities for their future. he said.

"It's not about just about improving conditions for families," Lora said. "We are investing in our families."

City Council President Gary Schaer said projects like Speer and others like Big Apple West are transforming the city.

"This is a historic day for the the city of Passaic," he said.