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Eleven80

Newark, New Jersey

Project Type: **Multifamily Rental**

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PROJECT TYPE

After sitting vacant and neglected for more than 20 years, the abandoned art deco–style Raymond Commerce Center building has been carefully restored and transformed into Eleven80. Located in the heart of downtown Newark, New Jersey, the 35-story tower features 316 luxury apartments. Offering quick access to New York City—via Newark’s nearby Pennsylvania Station—and rents that are significantly lower than those in Manhattan, Hoboken, or Jersey City, Eleven80 has reversed its history as a symbol of Newark’s economic decline, bringing hundreds of residents downtown and paving the way for the city’s renaissance.

LOCATION

Central Business District

SITE SIZE

0.3 acre/0.12 hectare

LAND USES

Multifamily Rental Housing, Retail

KEY FEATURES

- Adaptive Use
- Historic Preservation
- Mixed Use



- Transit-Oriented Development

PROJECT ADDRESS

1180 Raymond Boulevard
Newark, New Jersey

DEVELOPER/OWNER

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STRUCTURAL ENGINEER

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RESTORATION CONSULTANT

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CONSTRUCTION MANAGEMENT

Bovis Lend Lease
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GENERAL DESCRIPTION

Formerly a vacant, distressed office building, Eleven80 is a 316-unit luxury residential tower located in downtown Newark, New Jersey. Upon acquisition, the developer—Cogswell Realty Group—found the 75-year-old, 35-story edifice in a nearly irreparable state: renovation required significant work on the building’s structure, new building systems, and a restored facade. As the first major residential construction in downtown Newark in four decades, the project involved seven years of planning, seven separate sources of funding, and a lengthy approvals process.

Founded in 1996, Cogswell Realty Group is a full-service real estate company that owns or manages over 4 million square feet (371,600 sq m) throughout the New York metropolitan area. In addition to Eleven80, Cogswell Realty has extensive redevelopment plans for properties it owns throughout the 28-acre (11.3-ha) redevelopment area just north of the commercial core, cementing the developer’s stake in the renaissance of downtown Newark.

SITE DESCRIPTION AND BACKGROUND

Early in the 20th century, Newark was a dynamic, wealthy industrial city. Home to successful leather, metals, and electronics industries as well as breweries, it boasted a booming downtown and bustling streets. However, by mid-century its fortunes had soured. Thanks to the advent of insured mortgages and easy access via freeways, many residents and businesses moved to suburban communities. Urban renewal and freeway construction displaced many Newark residents and disrupted neighborhoods.

In 1967, tensions between African American residents and the overwhelmingly white police force, which had been smoldering for years, came to a head and erupted into one of the largest civil disorders of the 1960s. The event resulted in the death of 26 people and more than 1,000 injuries. In the decades that followed, Newark experienced continued decline as it struggled with high poverty and crime rates and a dwindling tax base.

In recent years, the municipality has experienced a renewal, gaining population since 2000. There has also been significant development in the city, with the New Jersey Performing Arts Center opening in 1997, Riverfront Stadium (home of the minor league Newark Bears baseball team) opening in 1999, and the Prudential Center, a major sports and performance venue that is the new home of both the National Hockey League’s New Jersey Devils and the Seton Hall University men’s and women’s basketball teams, opening in 2007. Newark’s light-rail system was upgraded and expanded in 2006, with the addition of a new line that serves the baseball stadium and performing arts center.

Located on a 0.3-acre (0.12-ha) lot in the heart of downtown Newark, Eleven80 is bounded by Raymond Boulevard to the north, Commerce Street to the south, and office buildings to the east and west. Pennsylvania Station—a major hub for commuter trains operated by New Jersey Transit, Amtrak, and the Port Authority of New York and New Jersey—lies two blocks to the east.

The Prudential Center, the New Jersey Performing Arts Center, downtown office buildings, and hotels are all within a quarter of a mile (0.4 km) of Eleven80. Directly beneath the residential tower, there is a Newark subway station with service to Pennsylvania Station, as well as to the northern reaches of Newark and Branch Brook Park.

The project lies directly south of Military Park, a six-acre (2.4-ha) triangular green space. Cogswell has been a proponent of the park’s redevelopment—along the lines of the redevelopment of Bryant Park in New York City—and has worked to obtain the sponsorship of Prudential and the city of Newark.

BUILDING HISTORY

Designed by Frank Grad, a notable Newark architect, the structure now known as Eleven80 opened in 1930 as an office building, first called the Lefcourt Newark Building and then the Raymond Commerce Center. Along with its

“art deco twin”—the National Newark Building at 744 Broad Street—the buildings remained the tallest in New Jersey until the late 1980s.

During the early 1980s, the Raymond building was abandoned by its previous owner, which led to severe exterior and interior damage and contamination from exposure to the elements. Over the years, the structure lapsed into a deplorable state: floor plates had rotted through; pieces of the stucco facade had fallen off; and plaster from ceilings lay in wet heaps on many of the floors, in some cases with grass and other plants growing out of the piles. The building was in severe disrepair when Cogswell Realty Group purchased it in 1998. The firm merged the property with the land, which it acquired from the city, in 2001.

From the start, Cogswell planned to convert the Raymond building into a residential tower, since the existing floor plates were too small to accommodate the needs of modern office tenants. For two years, the developer pursued the possibility of converting the structure into housing for students at local universities, including Rutgers University, New Jersey Institute of Technology, and Seton Hall Law School. When Cogswell could not reach an agreement with the universities, the developer shifted course and decided to pursue the project as an apartment building that would serve those who live and work in Newark, as well as those who commute to work in Manhattan.

DEVELOPMENT PROCESS

Because Cogswell had applied for a Renovation Incentive Tax Credit (RITC) through the U.S. Department of the Interior, historic preservation and restoration were the driving themes of the Eleven80 project. Wherever possible, original materials and fixtures were used in the restoration. However, that was not always an option because of the extensive damage the building had suffered during its years of neglect. So where reuse of the original materials was not possible, every effort was made to ensure that any new materials that were utilized were historically accurate.

“The historic materials in this case were very well made, so there was a lot to be said for reusing them and replacing them in kind,” says Claudia Kavenagh of Building Conservation Associates, Inc., who oversaw all the restoration work on the project. “There was an effort to use high-quality materials throughout, and there was a real effort to make sure the job was done right with materials that would be durable.”

Cogswell began encountering obstacles during the planning process, when potential financing sources were skeptical of the market potential. In order to secure the necessary funding for the \$120 million undertaking, Cogswell eventually cobbled together financing from seven separate sources, including public funds. Without this complex, creative financing structure, the project would not have been undertaken.

Because Eleven80 would be the first market-rate housing in downtown Newark in more than 40 years, city officials had no institutional knowledge or precedent to serve as a guide, which made the public approvals process challenging.

Once the renovation began, the building’s significant structural problems became more apparent. Because the roof had been damaged, allowing water to seep into the structure and down through its 35 floors, more than 330 “steel conditions” were discovered. Repairing these problems required cutting out and replacing the damaged parts of the building’s steel frame. Entire floor plates had rotted through, the concrete in the commercial restrooms had corroded, and the terra-cotta and masonry facade was damaged in more than 4,000 places, including large pieces that had fallen to the ground.

Restoring the facade was a challenge in itself. Every terra-cotta panel was removed and inspected for potential reuse. When necessary, new terra-cotta pieces were made to replace panels that were too damaged to use. The building originally featured a mortar that was made with a very coarse aggregate and was designed to be decorative and visible along the joints. It was more difficult to re-create this mortar than it would have been to use

a typical modern mortar that masons are accustomed to, but the developers put a great deal of effort into matching the historic mortar exactly.

Despite all the effort put into ensuring that the restoration was properly documented and detailed by the design team, the contractor hired to do the work on the building's facade defaulted midway through the project, causing a lengthy delay in the development. This factor alone extended the overall completion of the project by more than a year.

The lobby presented another major restoration challenge because it had been changed and renovated so drastically over the years. Of particular note was the replacement of the plaster ceiling in the elevator lobby, which had been covered with a drop ceiling. The plaster was severely damaged from the drop ceiling's anchor system, so it had to be almost completely redone.

Another major preservation challenge that Cogswell faced was the four-story cast-iron curtain wall, heavily ornamented with elaborate bas-relief that bands the building. The original paint was almost completely gone, the cast iron was cracked, and many of the anchors were missing. Every panel of the curtain wall was backed by brick, all of which had to be removed from the interior of the building in order to reanchor the panels.

As for paint, there was enough evidence of the historic paint finish for Building Conservation Associates to analyze and duplicate, ensuring that the paint that exists on the bas-relief today is the same as what was there in the past.

PLANNING AND DESIGN

Retrofitting a 1930s office building for modern apartments required adapting the historic structure drastically. It originally contained eight elevators, but four shafts were removed to recapture floor area and allow for larger apartment layouts on the floors above. In order to restore the lobby to its original 1930s luster, all eight brass elevator doors were retained. The lobby also features restored marble walls and terrazzo flooring. Some decorative elements were restored, with missing or damaged parts replaced with replicas. Entrances to Eleven80 are located at the north and south sides of the lobby, opening onto Raymond Boulevard and Commerce Street.

The basement houses many of building's tenant amenities, including a four-lane bowling alley decorated with artwork by a local artist, a half-court basketball court, a media room featuring plasma TVs as well as a PlayStation 3 and an Xbox 360, storage lockers, and a laundry room with industrial-size washers and dryers. By placing these amenities in what had once been utilitarian space, Kavenagh says, Cogswell was able to retain more historically significant aspects of the building, such as the lobby.

The second floor comprises the remainder of the building's amenities—a residents' lounge, conference room, gym, and spa (complete with lockers, showers, a steam room, a sauna, and massage and manicure/pedicure facilities).

On the ground floor, three retail spaces are accessible from the exterior of the building. As of August 2008, the spaces were occupied by a small deli/convenience store and a bank, and developers were in negotiations with an Italian restaurant to occupy the remaining space.

The 316 apartments include studio, one-bedroom, and two-bedroom units. Two-thirds are one-bedroom dwellings, nearly one-fourth are two-bedroom units, and just under one-tenth are studios. The building features 35 floor plans, and units on floors with building setbacks have balconies. Parking is provided off site in a nearby garage through a valet service. As of July 2008, roughly 40 percent of the tenants had vehicles.

APPROVALS AND FINANCING

For the most part, the project did not encounter significant opposition from community members. On the contrary, both residents and city leaders were eager to have a landmark property restored and reoccupied. However, since

there had not been a similar project in downtown Newark in four decades, the developer had to overcome a number of hurdles, each of which threatened to stop the project altogether.

As expected of a project of this size and scope in the greater New York area, costs rose quickly. For example, the closing costs alone totaled more than \$2 million.

As mentioned above, in order to finance the project, the developer had to use seven sources of financing: federal historic preservation tax credits, tax increment financing through the New Jersey Economic Development Authority, the New Jersey Housing Mortgage Finance Agency, the Casino Reinvestment Development Authority, commercial construction financing through Bank of America, two nonprofit organizations, and developer equity. Because every entity had its own set of requirements for providing financing, the biggest challenge Cogswell faced was creating a set of loan documents that all entities could agree on.

The project was the first in New Jersey to benefit from bond financing under the state's Redevelopment Area Bond Financing Act, enacted in 2002. Under this program, the developer and the city created an urban renewal entity to receive \$7.9 million in tax-exempt bonds for the renovation of the structure.

Cogswell also applied through the Department of the Interior for a 20 percent tax write-off through the Federal Tax Incentive Program, which is reserved for historic preservation. Because of this, Cogswell ran into some problems when it came time to find locations for some of the equipment necessary for the building's new residential use. The most challenging among these was a cooling tower. Because Eleven80 has a very small footprint, there was nowhere to place the tower except on the roof, where it would be somewhat visible because of the building's tiny roof plan. Despite the fact that the RITC application was initially approved, the National Park Service/Department of the Interior revoked this approval after construction was completed. However, upon appeal, Cogswell was able to get the tax credit reinstated.

A zoning variance to waive Newark's adjacent lot requirement was the easiest to obtain, according to Cogswell Realty Group CEO Arthur Stern. Cogswell also encountered dozens of smaller issues, such as scheduling residential trash pickup (which had not been anticipated by the city), getting the city to create a valet parking zone, issuing residential parking permits, and having to hire a private security service to supplement the city's police protection downtown—particularly during nonbusiness hours.

MARKETING AND TENANTS

With a monthly budget of \$40,000 per month, the marketing plan primarily focused on overcoming the negative reputation of Newark.

"Very quickly we found that print ads wouldn't work for a project like this," Stern says, adding that his firm received a good response from ads placed on transit, including New Jersey Transit and PATH trains. The best advertisements, he says, were signs placed on the building itself.

Representing a wide demographic spectrum, residents range from 25 to 45 years old and beyond. They also reflect the racial and ethnic diversity of the greater New York region.

The building's amenities were planned to compensate for the relatively few neighborhood amenities that were available at the commencement of construction due to the building's location. At 6 p.m. twice a week, a shuttle takes residents to a nearby supermarket to shop for groceries. Other amenities include pedicures and manicures, which are available by appointment in the building's spa every weekend, as well as facials and massage treatments, which also are available by appointment. In the health club, residents can take advantage of aerobics and Pilates classes and personal trainers.

The aforementioned basement bowling alley was planned to provide another nightlife option. When they move into the building, tenants are given their own pair of bowling shoes as part of their move-in present.

All tenants are provided accounts for two online systems that facilitate communication between the building’s management and tenants, as well as among tenants. LifeAt Eleven80 allows tenants to post profiles and information about themselves. However, this is not mandatory; residents can also use the systems simply to peruse information about local businesses, including restaurants that deliver to the building. The management also uses the Building Link service to communicate important notices to tenants.

PERFORMANCE

As of August 2008, Cogswell indicated that the property is underperforming, although the firm expects it to be fully occupied in September 2008—more than two years after leasing started in March 2006. Stern says Cogswell expected more tenants to come from the Newark market, with existing renters trading up for a better apartment, but that has not been the case. Instead, roughly 75 percent of residents of Eleven80 commute to New York City, and approximately 12 percent are students at Seton Hall Law School, which is located a block and a half east of the building, along Raymond Boulevard.

EXPERIENCE GAINED

As the developer of the first residential property in downtown Newark in more than 40 years, Cogswell Realty Group faced a number of obstacles, many of which arose because municipal leaders and potential lenders didn’t know how to address them. Now that Eleven80 is complete, Stern says others who follow suit will have an easier time with their projects because of the lessons that Cogswell, as well as the city of Newark, learned through the process.

“With a project like this, persistence pays off,” Stern notes. “You have to be prepared to go to a lot of meetings and hear ‘no’ a lot. But in the end, you have to know that there is a market and a need for what you are doing. That helps you be persistent and push through the negativity.”

Cogswell Realty Group also owns the aforementioned National Newark Building (the other “art deco twin”), located at 744 Broad Street—directly across from Eleven80. That building is now occupied by commercial clients, including the leasing office for Eleven80. Cogswell also owns additional properties in downtown Newark that were slated for a large-scale (17 acres/6.88 ha) development; however, those plans have been delayed.

“When you finish some projects, they blend into the urban mosaic,” says Stern, “but not this project; it was a watershed development for downtown Newark.” The developer is satisfied because the project has proven that a market exists for such developments—as evidenced by the growing number of restaurants and businesses that have set up shop in the area since Eleven80 opened—despite the project’s many risks and challenges.

PROJECT DATA	
LAND USE INFORMATION	
Site area (acres/hectares): 0.3/0.12	
GROSS BUILDING AREA	
Use	Area (Square Feet/Square Meters)
Residential	272,972/25,360
Retail	13,625/1,266
Total	286,597/26,626
LEASABLE AREA	

Use	Area (Square Feet/Square Meters)
Retail gross leasable area	8,000/743
Residential gross leasable area	272,927/25,360

LAND USE PLAN

Use	Area (Acres/Hectares)	Percentage of Site
Buildings	0.3/0.12	100

RESIDENTIAL INFORMATION

Unit Type	Size (Square Feet/Square Meters)	Percentage of Total	Initial Monthly Rental Price
Studio	600-900/56-84	9	\$1,550+
One-bedroom	770-980/72-91	67	\$1,600+
Two-bedroom	1,100-1,200/102-111	24	\$2,300+

Number of residential units: 316

RETAIL INFORMATION

Tenant	Total Gross Leasable Area (Square Feet/Square Meters)
Market City	3,000/279
TD BankNorth	5,000/465

Percentage of gross leasable area leased (as of August 2008): 85

DEVELOPMENT COST INFORMATION

Site Acquisition Cost: \$4,250,000

Construction Cost: \$88,000,000

Soft Costs: \$29,880,000

Architecture and engineering: \$5,000,000
 Project management and marketing: \$3,000,000
 Legal/accounting: \$1,500,000
 Taxes and insurance: \$3,300,000
 Title: \$360,000
 Construction interest: \$8,300,000
 Construction loan fees: \$680,000
 Other: \$7,740,000

Total Development Cost: \$122,130,000

DEVELOPMENT SCHEDULE

Site purchased: 1998
 Planning started: 1998
 Construction started: March 2005
 Sales/leasing started: March 2006
 Project completed: October 2007

DRIVING DIRECTIONS

From Newark Liberty International Airport: Take Route 1 north to Route 21 north into downtown Newark, and take the Broad Street exit. Go approximately two miles (3.2 km) on Broad Street, then turn right onto Raymond Boulevard and drive one half block to 1180 Raymond Boulevard.

Driving time: About ten minutes in nonpeak traffic.

WALKING DIRECTIONS

From Newark's Pennsylvania Station: Exit the station via the Raymond Plaza West exit. Take a left on Raymond Boulevard and walk 2.5 blocks, approximately 0.3 mile (0.5 km), to 1180 Raymond Boulevard.

Walking time: Approximately eight minutes.

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Photo by Building Conservation Associates, Inc.

The first market-rate housing built in downtown Newark in over 40 years, Eleven80 is a conversion of a 1930s-era office building into a 316-unit luxury apartment tower.



Photo by Paul Jeffrey, Colgate Realty Group, LLC

The \$120 million project has been successful in luring tenants from the New York City market—rents are less than one-half of the prices commanded by comparable buildings in Manhattan, and only one-third as high as those seen in closer-in Jersey City and Hoboken.



Photo by Paul Jaffee, Cogswell Realty Group, LLC

Abandoned by its previous owner in the early 1980s, the 35-story art deco building presented a daunting rehabilitation task: entire floor plates had rotted, sections of the facade were crumbling, and steel beams and columns had rusted through and separated from the structure.



Photo by Building Conservation Associates, Inc.

The developer of Eleven80, Cogswell Realty Group, cobbled together the financing from seven separate private and public sources, including federal historic preservation tax credits, two private foundations, and tax-exempt bonds from the state of New Jersey.



Photo by Paul Jaffee, Cogswell Realty Group, LLC

The building includes studio, one-bedroom, and two-bedroom apartments configured in 35 distinct floor plans, as well as a health club, a private bowling alley, a cocktail lounge, and an indoor basketball court.