



Mayor links progress in Rahway to construction boom

Thursday, January 06, 2005

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The construction boom under way in Rahway will improve the city "for generations to come," Mayor James Kennedy said in his annual State of the City address this week.

A slew of projects will add restaurants and retail space along with hundreds of new housing units. A new 524-space parking garage across from the train station has already been completed.

The city is seeing more construction now than it has in the last 50 years, Kennedy said during the city council's reorganization meeting.

But the redevelopment comes with tax abatements that don't benefit average taxpayers, said 2nd Ward Councilman Francis Janusz, who was sworn in to a fourth term during Monday's reorganization.

"We're paying more in loan interest than we're getting back in taxes," said Janusz, the lone Republican on the nine-member council. "How does this benefit the average working family in Rahway?"

Janusz cited Rosegate, a 150-unit senior housing complex being built on East Hazlewood Avenue. Janusz said the owners will pay just \$25,000 in yearly taxes because of below-market rents it will charge its tenants.

Kennedy, however, said that without tax breaks, Rosegate could not offer income-based housing.

At least one other project came with forgiving tax rates.

Developer Landmark Homes will benefit from a five-year sliding tax scale once a project offering 140 rental units is completed, said Peter Pelissier, former city administrator and current executive director of the Rahway Redevelopment Agency.

"The first one in town always gets the best deal," Pelissier said of the Landmark Homes

development slated for West Main Street and Elm Avenue.

"Had that agreement not been made with that developer ... that block would still be sitting there as it was for the last 20 years."

Pelissier named a handful of construction projects that aren't receiving any tax breaks, including a \$12 million Staybridge Suites by Silicon Inc. The extended-stay hotel will share a lot with the new parking garage.

A Best Western hotel off Routes 1&9 north and 300 units of market- rate housing on Main Street, both under construction, also received no tax breaks from Rahway, Pelissier said.

The city expects to bring in \$2.2 million from downtown redevelopment this year, Pelissier said.

Pelissier said he believes that within three years, Rahway will see a positive cash flow from the projects.

"You don't build redevelopment projects to make a profit," Pelissier said. "You want to bring income into your city, people that will spend money in the restaurants and stores."

In his speech, Kennedy cited the new train station, library opening, and 4-year-old redevelopment agency as realized potential he outlined in years past.

"Now, in 2005, we are finally seeing the fruits of our labor," he said.

The mayor also heralded the city's property tax bill and tax rate as "among the lowest in Union County." Rahway residents also pay the lowest water rates in the county, Kennedy said.

Two new council members also were seated at the meeting. Jennifer Wenson-Maier will represent the 5th Ward and Samson Steinman fills a 6th Ward seat.

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