

## Nonprofit developers' unsung economic contributions



[GALLERY: A 74-unit rental complex in Burlington Twp. for disabled...](#)  
*For seniors, the former Rittenberg School site in Egg*

*Harbor adds 100 units - plus jobs and tax revenue.*

**By Alan J. Heavens, Inquirer Real Estate Writer**

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Since 1980, projects by New Jersey's nonprofit community developers have poured \$12 billion into the state's economy, an analysis of data shows.

In the last 25 years, said economist Lee Huang, of Econsult Solutions of Philadelphia, 21,000 residential units and 2.5 million square feet of commercial space were completed by community-development corporations in New Jersey.

That represents 1,506 projects - residential, commercial, and mixed-use, Huang said - for a total investment of \$6 billion.

It adds up to 82,000 jobs (half in the construction industry), \$5.5 billion in wages and contracts with New Jersey's businesses, and \$320 million in state tax revenue.

South Jersey's counties account for 390 of those projects, with a total economic impact - investment, wages, and the need for goods and services - of \$4.8 billion, Huang said.

"People don't think about the volume or the monetary value of nonprofits," said Matthew Reilly, president and chief executive of MEND, a Moorestown-based nonprofit that has completed 719 housing units in 29 areas of Burlington County since its first apartment project in Moorestown, built in the mid-1970s.

When you add the "economic-development spin-off, jobs, and tax revenue," Reilly said, "you understand how much nonprofit developers contribute to the well-being of the region."

Staci Berger, president and chief executive of the Housing and Community Development Corp. of New Jersey, said that during the real estate downturn, as private developers retreated, community-development corporations "completed roughly the same number of developments they did every year since 2000."

In 2002, the state created the Neighborhood Revitalization Tax Credit program, designed to give businesses investing in low- and moderate-income neighborhoods a 100 percent tax credit against various state taxes.

To date, 24 companies have invested \$48 million, Berger said. For every dollar of that, nonprofit developers have leveraged an additional \$7.30.

MEND's latest projects have been larger-scale ones, in partnership with real estate developer Conifer Realty L.L.C. of Mount Laurel, beginning with the conversion of Burlington Township's Springside Elementary School to Springside Apartments, a 74-unit rental complex completed in 2013 for low- and moderate-income seniors and adults with special needs.

Two other projects are underway.

One, on West Second Street in Florence Township, is turning the former Duffy Elementary School into 53 units of housing for senior citizens.

A one-bedroom/one-bathroom unit rents for \$713 a month.

The other, Rittenberg Manor in Egg Harbor City, Atlantic County, is new construction of 100 units for seniors on the site of a school with that name that was demolished by the municipality, Reilly said.

The project uses low-income-housing tax credits that were sold to investors to raise more money and loans from Hurricane Sandy relief funds that will be repaid based on income from the property.

"Total cost of the projects was \$51 million and created 495 full-time construction jobs and 51 permanent positions for managers and staff for the 227 apartments," Reilly said.

Ten percent of those units are set aside for the homeless and people with disabilities, he said.

The state's ongoing foreclosure crisis has led some community-development organizations in directions other than the one MEND has chosen.

In Jersey City, the Garden State Episcopal CDC has been repurposing foreclosures throughout the city as mixed-income housing with half the subsidy of new construction, said John Restrepo, its director of real estate development and management.

Using only \$50,000 of subsidy per unit, he said, Garden State has been able to acquire, rehabilitate, and sell a home in about eight months.

Between 2010 and 2013, rehabbing 13 foreclosures created 26 units with a \$4 million investment, he said, and the nonprofit is doing 27 more.

"We use the two-family model, leveraging a higher mortgage with rental income," Restrepo said, "and that lowers the government subsidy."

Targeting a 40-block area that holds 40 percent of Jersey City's foreclosures, he said, "we have been able to generate \$8 million in new mortgage activity" in 11/2 years.

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[aheavens@phillynews.com](mailto:aheavens@phillynews.com)

215-854-2472 @alheavens