

**RESOLUTION TO APPROVE THE ACQUISITION OF 200-214 WARREN STREET,  
BLOCK 403, LOT 23, NEWARK, NEW JERSEY AND NON-BINDING LETTER OF  
INTENT FOR A FUTURE BUILD TO SUIT DEVELOPMENT WITH CLAREMONT  
PROPERTIES, INC.**

**WHEREAS**, New Jersey Institute of Technology, as part of the 2020 Vision Strategic Plan, has examined its facilities needs through a comprehensive master planning process, and,

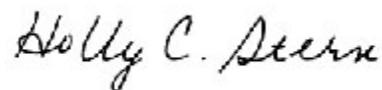
**WHEREAS**, the administration has examined the opportunity to acquire strategically located properties around the campus and in the University Heights area of Newark, and,

**WHEREAS**, after careful consideration of the foregoing factors, the administration determined 200-214 Warren Street, Block 403, Lot 23 met this criteria and worked with Claremont Properties, Inc. to acquire the land through the Newark Housing Authority public bidding process, and,

**WHEREAS**, NJIT and Claremont Properties, Inc. have agreed to general terms and conditions, in a non-binding letter of intent, for the property acquisition and a future build to suit, public private partnership, and,

**WHEREAS**, NJIT and Claremont Properties, Inc. will negotiate final terms of a sale and development agreement whereby NJIT will maintain ownership of the property and will acquire ownership interest in the future build to suit improvements leased by NJIT after the appropriate lease term, and

**NOW THEREFORE IT BE RESOLVED** that the Board of Trustees authorizes the administration to execute the non-binding letter of intent and negotiate the final terms and conditions, as reviewed and approved by counsel, of a sale agreement for 200-214 Warren Street, Block 402, Lot 23 in the City of Newark with Claremont Properties, Inc. or a single purpose entity controlled by the principals of the firm.



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Holly C. Stern, Esq.  
General Counsel/Vice President of  
Legal Affairs and  
Secretary to the Board of Trustees  
New Jersey Institute of Technology

July 20, 2017  
Board Resolution No. 2018-6

**NEW JERSEY INSTITUTE OF TECHNOLOGY**

**STATEMENT**

**RESOLUTION TO APPROVE THE ACQUISITION OF 200-214 WARREN STREET, BLOCK 403, LOT 23, NEWARK, NEW JERSEY AND NON-BINDING LETTER OF INTENT FOR A FUTURE BUILD TO SUIT DEVELOPMENT WITH CLAREMONT PROPERTIES, INC.**

**Background:**

New Jersey Institute of Technology, as part of the 2020 Vision Strategic Plan, has examined its facilities needs through a master planning process. Strategic property acquisitions were identified through this process as the University continues its growth trajectory toward a population of 15,000 students. One of those strategic properties includes 200-214 Warren Street, Block 403, Lot 23 in the City of Newark, the former Newark Public Schools Warren Street/History High School.

In October 2016, the Newark Housing Authority released a Request for Proposal for the purchase of several former Newark Public School properties. However, in order to participate in the purchase of the former Warren Street School, interested parties had to purchase a minimum of 2 school properties. Since NJIT was not interested in owning a former school property that was not contiguous to the NJIT campus or in the University Heights area, we began discussions with a strategic development partner, Claremont Properties, Inc., to assist in facilitating the potential purchase.

Claremont was successful in its bid to the Newark Housing Authority to acquire the Warren Street School, the Burnet Street School, and a third school property. Currently, they are moving through the due diligence phase of the acquisition process, completing their Phase 1 and Phase 2 environmental investigation, title review, and land survey of the property. Once completed, the approximate 1.5 acres of land and associated improvements will be transferred to Claremont Properties, Inc from the Newark Housing Authority.

NJIT administration and Claremont Properties, Inc. have negotiated a **non-binding** letter of intent outlining the framework for transfer of the property to New Jersey Institute of Technology. The terms include, but are not limited to, an approximate total purchase price and due diligence cost of \$4.5M, which includes the following:

- Land = \$2,200,000
- Closing Costs= \$ 50,000
- Demolition = \$1,050,000
- Remediation = \$ 750,000
- Soft Costs = \$ 200,000
- Taxes = \$ 65,000
- Interest Reserve = \$ 185,000 (estimated 9 months of taxes and interest)

Claremont Properties, Inc. was successful in reducing the purchase price of the property by \$1M due to the potential remediation cost from former underground storage tanks on the property. The estimated obligation for the remediation is currently \$750,000. The existing structures on the property will be demolished and the remediation completed prior to NJIT taking title to the property. Once the property

transfer has been completed, NJIT will begin working with Claremont Properties, Inc. on a build to suit, mixed use development, consistent with the intent of the Broad Street Station District redevelopment plan and local zoning ordinances.

As part of the agreement with the Newark Housing Authority and the City of Newark for the purchase of these former school properties, there is an expectation that they become, in some form, taxable properties. Therefore, in an effort to continue economic development within the City of Newark, the NJIT administration is planning the expansion of the Enterprise Development Center into this build to suit, mixed use facility. Currently, the Enterprise Development Center has 90 companies working with NJIT with little to no vacancy in the current space. The program vision for this future facility includes a “plug and play” format, where startup companies and entrepreneurs can lease space in the size of one cubicle to a small manufacturing space. This type of space, coupled with the currently under construction makerspace, will provide new opportunities for economic development and entrepreneurship around the campus. The non-binding letter of intent also includes the opportunity for additional parking capacity integral to the build to suit facility. In total, the facility will be a minimum of 100,000 gross square feet.

NJIT will retain ownership of the property throughout the proposed public-private partnership term. In addition, the expectation is at the culmination of the build to suit lease, with an anticipated 30 year term, the improvements leased to NJIT will become the property of NJIT. If NJIT elects not to move forward with a build to suit project, we have the option of selling the property back to Claremont Properties, Inc. for the original land purchase price and due diligence cost minus a developers credit of 5% of the total or enter into a market rate ground lease, allowing development by Claremont to proceed.

Additional terms and conditions will be finalized through the property sale and future development agreements to be negotiated.

**Implication:**

- New Jersey Institute of Technology will gain ownership of 200-214 Warren Street, Block 403, Lot 23 in the City of Newark, a strategic property, contiguous to the NJIT campus.
- A future public-private partnership development with Claremont Properties, Inc. will create potential additional enterprise development space for continued economic development in the University Heights area of Newark.

**Recommendation:**

Authorize the Administration to execute the **non-binding** letter of intent and negotiate the final terms and conditions of the acquisition of 200-214 Warren Street, Block 403, Lot 23, from Claremont Properties, Inc.