
Grove Pointe, Jersey City, New Jersey
Client: Schenkman/Kushner

Capitalization of Mixed Use Development Project



- Savills advised the developer of a \$180 million mixed - use high rise residential development project, consisting of 525 condominium and rental units, a 529 car garage and 20,000 square feet of retail space, in developing and implementing a debt and equity capitalization plan for the project that was cost effective and minimized the development risk to the sponsor.
- The client sought the most efficient combination of debt, mezzanine and equity financing that assured the greatest return to the client, maximized on-going ownership of the project and minimized both personal guaranties and any requirement for a substantial developer equity contribution.
- As the project is located within an empowerment zone and designated redevelopment area of Jersey City at the heart of the Old World Historic Downtown and immediately adjacent to a mass transit station in need of upgrading, the developer also needed to satisfy community requirements and sensitivities to win project approval.
- Savills's services in this assignment consisted of the following:
 - Assisting the developer in creating a redevelopment plan and site plan acceptable to both the city council and neighborhood groups and financeable by third party investors and lenders.
 - Evaluating and recommending potential short and long-term capitalization alternatives for the project including a variety of public, agency and conventional debt programs.
 - Preparing an offering memorandum for debt, mezzanine and equity capital sources and soliciting proposals to capitalize the project.

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- Designing and executing a tightly controlled marketing strategy for the project's capitalization.
 - Assessing and evaluating the alternative financing and equity/mezzanine proposals for the developer.
 - Negotiating with prospective capital sources to maximize both on-going control of the project by the developer and the developer's participation in the project's cash flow and residual value.
 - The assignment resulted in a highly successful capitalization structure that involved a construction loan from a consortium of commercial banks, a forward commitment for long term, fixed rate financing and an unusually favorable equity joint venture with a pension fund that limits recourse to the developer client and provides the client with a generous share of the project's current and long-term economics.