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Red Bank townhouse project may be the future for building

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A future building trend in the state may be seen on a vacant lot on the corner of Monmouth and West streets.

As workers erected a chain-link fence around the lot Thursday, experts said the proposed 45-unit, four-story Courtyards at Monmouth development, which boomeranged back to the bank in lieu of a foreclosure, could be the blueprint for future building trends.

GS Realty/Amboy Bank cleared the first regulatory hurdle last week, with approval of a variance by the Zoning Board of Adjustment to build a greater number of townhouse and condo units than borough zoning allowed and to skip a requirement for first-floor retail stores. The project now has to win site-plan approval.

Two board members who voted for the application said they were swayed by a report by real estate expert Jeffrey Otteau. He said the conditions of the current real estate and employment market call for smaller, more affordable units, such as the ones the bank proposed.

The Courtyards at Monmouth type of development fits the "smart growth" model touted by the state as a tool for redeveloping older towns which have business districts and mass transit.

"It would fit older center, inner-ring suburbs or urban areas like Red Bank, Matawan, Somerville, Bloomfield and Hackensack, which fell out of favor going through the baby-boomer house-buying frenzy," Otteau said Thursday. "It will be at the expense of the semi-rural and rural suburb."

Otteau said the loss of high-paying jobs and the movement of people out of the state has contributed to a lack of spending power in the real estate market.

"Given the job situation, builders will have to build smaller, more affordable houses and municipalities will have to rezone (for them). It makes no sense to zone for something that doesn't exist," said James Hughes, dean of the Bloustein School of Public Policy and Planning at Rutgers University. "Amboy (Bank) could be ahead of the curve."

Hughes cited demographic trends which echoed Otteau's findings that Generation Y buyers in their mid-30s are making less money than their parents did at the same age, but they make up the largest demand for housing and retail spending, and need "something affordable."

"America is not producing any income growth in the past decade. The typical household maintained their standard of living by borrowing and (buying) cheap Asian goods," Hughes said. "That is no longer the case. People using their house as an ATM . . . clearly isn't available anymore."

Housing demand in the next decade will be driven by three groups: Empty-nest baby boomers moving out of suburban "McMansions," the "baby boom echo" generation and the rise of the foreign-born population, Hughes said.

"These three groups are the least suburban-centric of any demographic we've had," Hughes said.

Otteau concluded that (housing) projects will follow a more European model of smaller but more efficient use of space.

"It's all about efficiency, figuring out how to be more efficient with spending money," Otteau said.
"There will be a national shift toward that smart growth type of housing due to lower housing costs."

Stephen Patron, special consultant to Amboy Bank and former president of the New Jersey Builders Association, who worked on the project, said the developers looked at projects that failed and concluded what needed to be done was "to bring them back to market and understand what the new market realities are."
