APPENDIX

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TESTIMONY OF CHARLES WOWKANECH
NEW JERSEY STATE AFL-CIO PRESIDENT

Good morning Mr. Chairman and members of the committee. I am honored to represent the working men and women who make up the New Jersey State AFL-CIO in every sector of our economy throughout New Jersey. I am grateful for the opportunity to testify in front of this committee.

At the outset, let me be clear that the AFL-CIO has supported every tax incentive law, including the GROW program from their inception.

Mr. Chairman, I know you have heard from many business leaders, community advocates and policy experts. I want to provide you the perspective of a person who represents working families in this state.

As a matter of policy, the EDA incentive programs have helped New Jersey compete with other states that are seeking to poach our businesses. Keeping companies

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here and helping them grow has helped tens of thousands of working families in this state to work in these businesses.

Much attention has been directed toward Camden. That city has seen almost $1.4 billion in private capital flow into it due to tax incentive programs.

That in return has brought another $1.5 billion in public investments that has been targeted at everything from parks, to higher education facilities, to k-12 schools.

All these investments have had a direct benefit to thousands of union members, who helped build these public and private buildings. However, the progress doesn't stop there.

There is a multiplier effect of this investment that further benefits the community, union and non-union alike. This type of economic stimulus reaches into every aspect of the community, bringing much needed assistance in the form of additional job creation and prosperity.

I know how much the Governor cares about union working families and I am glad he does. He has taken many strong steps forward to partner with organized labor on a host of important pro-worker polices and I commend him for that.

However, we must now work together to solve these issues surrounding the expiration of the Economic Opportunity Act. I am here to tell you as clearly as I can, the GROW & ERG programs have helped our union men and women in the state.

We in the AFL-CIO feel strongly about the positive potential for union built development via a partnership with the state EDA. In fact, we see this as such a positive opportunity that we invest our own member's pension money into these projects.

So, I would like to give two examples – one successful partnership, and one partnership that was not as successful, to highlight our concerns with the expiration of the incentives programs.

For the New Brunswick Performing Arts Center - the phase one portion total project cost was $170 million. The project received $26 million in ERG funding and the AFL-CIO Housing Investment Trust – which uses our own member's pension funds – contributed $7 million. That project opened in September and was built with 100% union labor.

Now, here is an example of what happened after the Economic Opportunity Act Expired:

The proposed Brick Church Station project in East Orange, NJ, was designed to be a mixed use development consisting of apartments, commercial space for a federally qualified health center and an early childhood education center. 120 of the 641 units would be affordable housing. The project would also contain 150,000 square foot of retail anchored by a 75,000 square foot Shop Rite grocery store and include significant infrastructure investments to link the train station to the town's Main Street and improve access to the existing retail plot.

This project total cost was $438 million, of which the AFL-CIO Housing Investment Trust (HIT) was poised to invest $246 million. The developer was contemplating whether it would move forward as a 100% union, prevailing wage project based upon the AFL-CIO investment and the availability of ERG funding. Once ERG was in jeopardy, they decided to only move forward using union labor for a portion of the project, rather than the entirety of the project.

Mr. Chairman, you and the legislature have been thoughtful in examining the incentive programs and are in the process of determining how it can be improved. We at the AFL-CIO support that.

What, in our view, is not acceptable is a state with no tax incentives, because we can not effectively compete with other states.

As a state, we must ensure that our working men and women have continued opportunities to participate in this economy, and the EDA incentives program assist us in making that happen, as these examples illustrate.

Thank you.

Good morning Chairman Smith and members of the Committee. I want to thank you for your time and for the opportunity to testify before you today.

I am in Trenton today to talk about, and hopefully to help you understand, the transformation I have experienced firsthand in the City of Camden since 2013.

Around that time, I began working within the Camden City School District, working with families, engaging the community, and coming into frequent contact with many of its wonderful students.

Those years, roughly one in five students dropped out of school, fewer than half graduated, and in 2012 just three members of the graduating class were deemed "college ready."

I'm sorry to say that when I was a teenager growing up in East Camden things weren't much better, and those of us who made it through to graduation weren't faced with prospects any better than the students of 2012.

There was no collection of corporations or companies interested in moving into the city. In fact, the only ones who were benefitting and eager to move into town, as far as I could tell, were funeral directors and bail bondsmen.

Families like mine were struggling to stay afloat because they couldn't find work. That struggle pushed a lot of folks to find other ways that they could make money, and many fell into drug dealing and other illicit pursuits.

For most of my life, Camden has been a city where too many families, children, and students were left behind, and those who were looking for honest day's work found little of it within their city's boundaries.

Just think, in 2012, my city was the nation's most dangerous. It was a place where every 32 hours someone was being shot. It was a place where I wouldn't let kids play on the sidewalk, let alone the public parks.

That was the Camden I grew up in.

I'm here to tell you that it is not the Camden I live or raise my family in today.

Over the past five years, the schools I worked in have reached unprecedented milestones that frankly, I never believed possible. Drop out rates are at a record low, graduation rates are at record highs, and test scores are up in meaningful ways across the city's public, renaissance, and charter schools. Today, I'm proud to send my **two** children to school in the City.

If you spend time in Camden, the impact of this law, of the companies that it brought to our city and the jobs that they delivered, is impossible to miss.

I see it every day I go into work. When I put on my uniform, I can see the difference being made for my city and for me and my family.

On the beat, I see smiling children in our city's parks and playing outside of their homes. Their parents talk to me about new jobs, new opportunity, and a new sense of hope that had not been felt for a very long time.

If nothing else, that's the thing I want everyone here today to take away. My city, where the schools were maligned, the streets were a mess, and where we didn't think it would ever get any better, is suddenly teeming with hope that this time things really are changing.

I don't have a lot of experience dealing with corporate tax incentives. Honestly, I don't have any. But I have spent a lifetime in the City of Camden, and I can tell you that because of the changes I've seen in the last five years, I can look at my kids and smile because the future that's awaiting them is so much brighter than I ever thought it could be.

I hope our City can live up to the promises I've made them, and I hope you'll help us get there.

I want to thank the committee again for its time and for allowing me this opportunity to speak before you today.

Thank you, Mr. Chairman and members of the committee. I hope I can be of help should you have any questions.

Testimony to the NJ State Senate
Paymon Rouhanifard

Good morning, my name is Paymon Rouhanifard, and I am the co-founder and CEO of Propel America, a non-profit organization that empowers recent high school graduates - from ages 18 to 24 - with the skills, credentials, experiences, and networks to obtain an upwardly-mobile job.

From 2013 to 2018, I was honored to serve as the superintendent of Camden, New Jersey. My appointment came on the heels of a state intervention in March of 2013. At that time, there was no denying the prior system had fallen short of realizing the immense potential of Camden's children. There was a demand for change that extended well beyond this shift in governance.

Five years later, I'm immensely proud of the progress we made. Test scores and graduation rates increased while drop-out rates decreased. And we significantly reduced out-of-school suspensions by fostering a more restorative culture inside our schools. And significantly, we led ~$340M of capital improvement projects, which includes ~$136 million for Camden High, the Castle on the Hill.

It should be noted that renaissance schools, which were made possible by the Urban Hope Act, were instrumental in our efforts to improve outcomes and revitalize the quality of facilities.

We were able to achieve this progress through a collaborative approach with our political leaders, community members, parents, and students. During my 5 years, I held over 100 open town halls and countless informal meetings to ensure our community was informing our work and that we were responsive to their needs.

This wasn't easy. There were plenty of individuals who disagreed with us. But I can tell you that we were always transparent, and we fundamentally put the interest of children above all else.

Today, the work is far from done. But by every measure possible, the quality of education in Camden has steadily improved.

Serving as the Camden superintendent was an indescribable honor. The best job I've ever had. And so I'm grateful for the opportunity to discuss our work with you today.

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My name is Gedaliah Zlotowitz. I am the owner and president of Mesorah Publications, the largest publisher of Jewish books in the world. Mesorah Publications is currently in the process of relocating from Brooklyn, NY to Rahway, NJ as a result of receiving the Grow NJ tax incentive.

My father founded Mesorah Publications in 1976 and it has grown over the past 40+ years from a small publishing company, to a business that has published 2500 titles, and has printed tens of millions books to date. Our books are found in hundreds of thousands of Jewish homes and institutions in nearly every country in the world.

For the past 43 years Mesorah Publications headquarters, including our office, warehouse and bindery, has been located in Brooklyn, NY. Due to the rising cost of doing business in the 5 boroughs, among other reasons, we decided to leave Brooklyn and began researching potential sites outside of the 5 boroughs. After extensive searching, we narrowed down our options to a site in Westchester, NY, and a site in Rahway, NJ. The building in Rahway, NJ was more expensive than the alternative, and although it was a desirable location, the cost was outside of our budget.

A friend and fellow business owner told us about the Grow NJ program, sponsored by Senator Ray Lesniak. We began researching the program and we applied for the grant.

In November of 2018 we were approved for a Grow NJ tax incentive with a maximum award of $8,250,000, and as a result, we chose to relocate our business to Rahway, NJ, to a 256,000 square foot building that we are investing millions of dollars into renovations and improvements. We will be hiring many New Jersey residents, as will the numerous other businesses that have rented space in the building. When fully operational, we expect to have over 150 jobs at the site.

We are grateful to be recipients of the Grow NJ incentive, as it is an integral component in our plans to both increase our capacity to print our thousands of titles and also to expand our reach into entirely new product lines.

Assemblyman Jim Kennedy has been extremely helpful during this process, and the mayor and administration of Rahway have been extremely welcoming and supportive. We are looking forward to bringing many jobs, and having a positive impact on the local economy when we complete our transition to New Jersey.

Thank you very much for allowing me to speak before this committee.

SENATE SELECT COMMITTEE ON ECONOMIC GROWTH STRATEGIES Hearing November 18, 2019

Written Testimony, W. David Henderson and Michael Goldstein, HHG Development Associates LLC

W. David Henderson:

My name is David Henderson and to my right is Michael Goldstein; we are both principals of HHG Development Associates, a mixed-use Trenton real estate developer currently undertaking the Roebling Center/Roebling Lofts project.

We wanted to share our experience with the Multi-family ERG and GrowNJ programs, what worked, what did not, and what is needed to move further development forward to attract residents and jobs to New Jersey.

We successfully used a Multi-family ERG to complete the Roebling Lofts project in Trenton.

The 40% Multi-family ERG was critical to filling a gap in the project financing; Michael will share details in a moment. Roebling Lofts is currently leased and operating, having attracted a diverse, by every metric, and vibrant community to a formerly vacant block of factories.

We were less successful in marketing 110,000 SF of Class A office on the site. Although the GrowNJ program offered strong incentives given the attributes of our site, and we were close to attracting at least two corporate headquarters, one from Philadelphia and one from elsewhere in NJ, neither deal moved forward. The two issues we faced were the cost of structured parking and a tenant concern about the long-term commitment of the State to the success of its capital.

The cost of structured parking led to extremely high lease rates, even with the GrowNJ incentives; the parking ERG would have addressed this but was out of money by the time we had secured a prospective tenant. One challenge in an emerging market such as Trenton is that it takes time to attract a prospective employer, much more time than in a more developed market such as the communities near New York City—and the more developed markets got the incentive dollars.

Looking forward, we have an additional 100 residential lofts, 110,000 SF of commercial space and 40,000 SF of retail amenities for full build-out of the Roebling Center project. None of this can move forward without incentives, specifically:

1. 2nd phase of residential will need a 40% tax credit incentive similar to the Multi-family ERG.

2. Commercial office will need a strong incentive similar to GrowNJ to attract an employer plus availability of funding to construct the required parking garage, and a clear commitment on the part of the State to revitalizing its capital city.
3. Retail amenities located in the oldest structure on site will need enactment of a NJ Historic Tax Credit.

A few notes on what works:

1. Avoid caps and difficult competition. The projects that need gap funding do not pencil out otherwise, and financial institutions will not take them seriously if they are not confident the project will receive incentive allocations. The unintended result is that tightly-capped programs tend to end up enhancing balance sheets of projects that would have happened anyway, diminishing returns of new tax dollars to the state.
2. Create a separate pool for Trenton or emerging market communities to give the emerging markets time to attract prospective employers, and finance parking and residential structures.
3. Ensure that incentive amounts account for costs of other policy objectives, e.g. a 40% Multi-family ERG with prevailing wage and EDA application and certification costs worked, but a lower incentive would not in the Trenton market.
4. Fund residential development to attract jobs. In the 21st Century market, we need to build high-quality residential rental to attract employers. In the case of Roebling Center, we needed to have Roebling Lofts under construction before a broker would even market the commercial office space.

The opportunity is not just to revitalize Trenton. In the 1980's, NJ needed to build roads and infrastructure to support suburban office park development. That was where the job growth was happening. In the 21st Century though, workers are seeking to live, work and play in authentic, walkable communities. There are only certain places in New Jersey that have the density and vibe to compete for jobs now—our cities and historic town centers. In central Jersey, that is Trenton. Revitalization of Trenton is critical to attracting job growth in Central New Jersey in the 21st Century.

Michael Goldstein:

Building on David's comments I'd like to emphasize the continuing need for a robust, Multi-family ERG program. To illustrate why, let me tell you a tale of two cities.

Two LEED Gold multi-family projects recently came to market in Mercer County. In August of 2016 one opened in Princeton. A year later, almost to the day, Roebling Lofts opened its doors to our first wave of residents.

Roebling Lofts is an 80% market-rate project. It is today leased up and represents the priciest rentals in Trenton. Our two-bedroom units, all of which are two-bath, lease for between $1,630 and $2,300/month. We can realize these rents because we lease some of the most attractive and dramatic loft apartments in all of NJ, and strive to deliver a level of resident service that is unmatched in our city. We are attracting a diverse mix of millennials, Gen X'ers and even some empty nest Boomers. Our residents are artists and prison guards, serving-military and lawyers, business owners and teachers. We are achieving the goals that the state legislature envisioned for the Multi-Family-ERG, and thank you for making it possible to build Roebling Lofts.

Today, in that Princeton community, 2-bedroom apartments are leasing for $3,030 to $4,095. This is roughly 2x our rent; indeed, a studio apartment rents for the same money as our most expensive 2-bedroom/2-bath, which is literally one of the most spectacular rentals you will find anywhere in the state.

To illustrate the relative impact on our economics, let's look at two mid-range 2-bedroom units, both essentially the same size: the Princeton apartment renting at $3,398 and a Roebling Lofts unit at $1,740.

If you assume we both spend about $400/month operating the loft and paying taxes, those rents translate to about $3,000/month in operating margin for the Princeton apartment, and about $1,350 for Roebling Lofts.

Princeton's $3,000 margin will support about $410,000 worth of debt service; our margin for this 2-bedroom unit will support around $180,000. Note that a more typical 1-bedroom unit at Roebling Lofts generates an operating margin that will support around $135,000 of debt service.

When you consider our average cost for producing high-quality units is north of $300,000, we need to fill a substantial gap on our balance sheet. With the original Roebling Lofts project, conventional mortgage debt represented only about 40% of our capital stack. On the Roebling Lofts project, Federal Historic Tax Credits yielded another 20% leaving a gap after cash equity of just under 30%.

The Multi-Family ERG was therefore an essential part of the solution. Keep in mind that the 40% ERG translates to about 28% on the balance sheet, by the time you sign a long-term contract of sale, and borrow against the proceeds.

With recent changes to the Federal Historic Tax Credit program, federal credits are now worth less. Also, if our project had been new construction, the gap would have been even larger as it would have been ineligible for Federal Historic Tax Credits. How to address? Something as simple as making the credit fully payable in the completion year, instead of over 10 years, could make the 40% ERG worth 36% on the balance sheet instead of 28%.

If transitional markets like Trenton are to continue to make progress, a robust ERG program is absolutely essential.

Testimony Before the NJ State Legislature Senate Select Committee on Economic Growth Strategies
Monday, November 18, 2019
Committee Room 4, Statehouse Annex

Ron Beit, President and CEO of RBH Group, LLC

Thank you for this opportunity to speak before the State Senate Select Committee on Economic Growth Strategies regarding State economic development programs.

My name is Ron Beit and I am the President and CEO of RBH Group, located in Newark. I am here to testify as to the importance of the State's Economic Redevelopment and Growth (ERG) grants to support two catalytic projects we have completed and a third we are in the process of building in downtown Newark: the Teachers Village Project, Makers Village Project, and the Four Corners Millennium Project. In each case, RBH would not have been able to complete these projects but for the financial contributions provided by the State's ERG program.

Teachers Village, represented the first ground-up residential buildings in Downtown, Newark in over 40 years. There has been over $1 billion in additional investment in the Downtown since breaking ground on this Project. The Teachers Village project is a $150 million, 400,000 square foot mixed-use development designed to attract and retain educators to live affordably close to where they work and to create a community of like-minded people to activate multiple streetscapes where once there were empty parking lots. Teachers Village occupies 6 buildings along Halsey Street one block from City Hall. The project includes 203 apartments that are fully leased, with a waiting list: 70% occupied by educators and the rest by life-long learners. The project also includes 18 retail stores operated by local entrepreneurs, three schools and an early childhood learning center.

Teachers Village was designed by the internationally renowned architect Richard Meier, as well as Princeton architect, KSS. When I commenced this project, it was the height of the recession, and equity capital was difficult to secure. We sought funding from every public and private source available, including entering into a joint venture agreement with Goldman Sachs Urban Investment Group, Prudential, and securing funds from the City of Newark (CDBG and RAB financing), and from the State, $10 million in CRDA funds, $39.5 million in State Urban Transit Hub and $20.5 million in ERG financing. We also were awarded $120 million in New Market Tax Credits, which we believe is the largest ever NMTC award in the history of the program.

For the Makers Village/Aerofarms Project, RBH secured a $2.2 million ERG grant from the State. For the Four Corners Millennium Project (101 Market and 293 Market Street buildings), RBH secured both HUB grants and a $6.6 million ERG grant from the State.

RBH GROUP

For each of these projects, the NJ EDA required RBH to complete a comprehensive application to provide significant financial data, projected market and jobs analyses, demonstrate site control and to provide ongoing compliance reports in order to secure and maintain this State financing. In addition, the ERG required that RBH comply with prevailing wage requirements, green building and renewable energy standards, and notify and obtain information from all businesses in the project area such that the state could ascertain the incremental tax revenue as required by the terms of the grant. NJEDA's staff arranged meetings and conference calls to track our progress and requested written documentation from RBH in terms of our ability to secure all additional funding commitments and to complete the project in a timely manner.

We have witnessed in NJEDA's staff and leadership the most professional and thorough oversight throughout our involvement in the ERG and HUB programs. We never felt we were given special dispensation or allowed to bend any rules. Our experience has been nothing short of outstanding in working with the staff of the past administration as well as in this administration.

For each of our projects, we would not have been able to complete the development but for these State incentive programs. They filled a major gap in our financing and successfully leveraged the private equity that we were able to bring to the table as part of the overall public-private partnership. Without the State financial support, the projects would not pencil out, as the costs of construction in the New York Metro region, including Newark, still far outweigh the rents that we are able to achieve in Newark.

The State Treasury and NJEDA's ERG and HUB financing truly contributed to the overall social impact of making housing affordable to the teacher workforce in Newark, as well as in bringing a globally-recognized, sustainable fresh food grower into an area that was once a food desert in Newark. We are looking forward to continuing to make a positive social impact in this state through completion of our Four Corners project utilizing ERG funding.

I thank you for the opportunity to share my thoughts on the importance of the ERG program to urban redevelopment in this state.

November 6, 2019

Honorable Bob Smith
Chair
New Jersey State Legislature
Senate Select Committee on Economic Growth Strategies
State House Annex
PO Box 068
Trenton, NJ 08625

Dear Chairman Smith and Members of the Committee,

Thank you for the opportunity to submit my testimony to you about the many ways the Economic Opportunity Act has helped both EMR USA (www.usa.emrgroup.com) and our community grow.

My family's roots are in Camden. My grandfather emigrated from Italy at the turn of the 20th century and raised a family on Mechanic Street. My father worked as executive director of South Jersey Port Corporation for 61 years and it is where I began working when I was 12, before going on to attend Rutgers University in Camden. Today, I run the U.S. subsidiary of EMR, a global leader in metal recycling that operates in over 150 locations around the world. EMR USA employs approximately 2,000 people across 20 states.

In 2015 EMR USA was planning to construct a new manufacturing facility , expand operations in the United States, and relocate our national headquarters which was then located in Bellmawr, NJ. The manufacturing facility includes a cutting-edge recovery, reuse and recycling campus that includes a highly proprietary vehicle dismantling facility to support our auto parts subsidiary business and a state-of-the-art barge terminal. We could have located this facility and EMR USA's headquarters in any of the twenty states in which we operate, including New Orleans where EMR USA related entities have operated for more than 100 years.

Based on the Economic Opportunity Act, EMR USA chose to move our headquarters and launch our new operations in Camden. In doing so, we have redeveloped multiple sites in the City, constructed the barge terminal on a formerly abandoned and contaminated brownfield site that we have remediated, and brought manufacturing back to what was once a struggling city that many had given up on.

EMR (USA Holdings), Inc.

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We have also purchased and carefully restored the historic eight-story Victor Records Building at 201 N. Front Street in downtown Camden into which we have moved our headquarters staff. In addition to housing our staff, we are making our new corporate headquarters available for community-based meetings and events and engaging in other outreach initiatives to integrate ourselves into the fabric of the community. We are particularly proud of the LEED Green Building standards that have been attained in connection with our renovation of the Victor Building while we continue to honor the historic integrity and heritage of our new headquarters.

Our efforts have ensured that New Jersey is well positioned to be at the forefront of sustainable environmental manufacturing globally. This project has resulted in over 300 new Camden-based jobs, many of which are unionized. It has allowed us to offer an aggressive financial education program for our workers that teaches them, among other things, how to create a budget and plan for retirement. It has also contributed to Camden's rebirth, which benefits our region and our state.

In order to clear up misconceptions, I would like to underscore that none of these economic incentives have come without deliverables on our end. We have not and will not receive one penny until we meet the rigorous criteria demanded by the state, which includes the creation of a specific number of jobs and EMR USA injecting over $130 million of private dollars in capital investment.

My company decided to make this investment in Camden because we want to partner with the State to return manufacturing to Camden, while providing good-paying jobs and educational programs for its residents. As a life-long South Jersey resident, I also know firsthand just how far our city has come since the Economic Opportunity Act became law. I strongly urge you to consider the positive impact these economic incentives have had in transforming a city that many had left for dead and strongly urge continued legislation and policy that will further enable our city and our region to prosper.

Sincerely,

Joseph Balzano
Chief Executive Officer
EMR USA

audible

Don Katz
Founder & CEO

November 13, 2019

The Honorable Bob Smith
Chairman, Senate Select Committee on Economic Growth Strategies
State House Annex
P.O. Box 068
Trenton, NJ 08625-0068

Dear Senator Smith,

Thank you for allowing me the opportunity to submit this letter to the Committee in lieu of live testimony at your November 18, 2019, hearing. Due to a scheduling conflict, I will be unable to attend the hearing in person.

I would like to first express my support for our State's elected leaders as they work towards a common ground on economic policies that demonstrate New Jersey is open for business for growth companies — in particular the kinds of growth companies that create taxable revenue and an ecosystem of jobs at any economic level that offers people a sustainable and healthy life. As leaders and policymakers calibrate economic incentive programs, we must rapidly scale our support for technology-based startups and early-stage growth companies to create a statewide innovation economy. To achieve this, I urge the enactment of S-1837, or the "cloud bill," sponsored by Senators Teresa Ruiz and Nilsa Cruz-Perez, which would establish the Emerging Technology Urban Grant Program to attract high-growth, data-driven tech companies to Camden, Trenton and Newark. This embraces the vision of New Jersey's urban areas as frontiers for innovation and — as Governor Phil Murphy has put it — making New Jersey the State of Innovation. The targeted investment would reap exponential job and taxable revenue creation in return and create international awareness of New Jersey as a place in which startups and founders want to settle and thrive. I believe strongly that we need to be bold and take advantage of this quickly evolving economy by scaling the proposal to $200 million to achieve maximum impact.

I also urge the State to make a direct $25 million investment in Newark Venture Partners' (NVP) $100M second fund. NVP's $45-million first fund has helped attract over 70 startups to Newark, created hundreds of jobs, and led to over $250M in follow-on investment in NVP's portfolio of companies. NVP has already put Newark on the map in the startup world: Its investment portfolio includes companies from Newark, New York, Austin, San Francisco, Toronto, Tel Aviv and London. More than 9,000 visitors, including elite venture capitalists from New York and the Bay Area, have visited NVP. Over half of NVP's portfolio companies are led by women or founders of color. This new place-based venture capital model brings together investment and hands-on subject-matter expertise to accelerate the growth of job-creating startups in the urban core. The State can demonstrate leadership by increasing its investment in NVP.

The multiplier effect of high-tech jobs is well-documented — at all levels of the economy, from professional to service-level — and high school graduates in cities dominated by innovative industries make more than college graduates in manufacturing communities. More closely aligning the entire state to the innovation economy will create jobs at all levels and rising taxable revenue, empower the entrepreneurialism of immigrant and first-generation college student populations, retain and reclaim the scholars produced by the K-12 turnaround in our cities, and light the way forward in embracing scalable startups as engines for equitable growth.

Further, I strongly encourage this Committee — and the Legislature and the Governor — to consider Audible and NVP's model for job creation and equitable growth as a blueprint for scaled New Jersey economic policy.

Audible had 120 employees when we moved our headquarters from suburban New Jersey to Newark in 2007, and in the last twelve years we've grown to over 1,600 people across our Newark campus (and another 700 employees around the world). As the city's fastest-growing private employer, we recruit and cultivate local talent and drive forward a wide range of community initiatives with a focus on returning Newark to its roots as a hub of innovation.

We have defined a core element of our strategic purpose as a successful company around the comeback of this great American city, pioneering a model for urban social and economic impact that leverages our entire company — our people, our products and our economic levers — to drive meaningful positive change in Newark. We subsidize our employees living in Newark, which has led to a four-fold increase in the number of employees who call Newark home, and our research shows that each employee who moves to Newark injects nearly $50,000 per year into the local economy. We incentivize our employees to frequent neighborhood restaurants, sponsoring over 25,000 employee meals in Newark in the past two years. We hire paid high school interns only from Newark, developing a homegrown talent pipeline, and we actively recruit Newark residents and cultivate local talent to participate in our workforce development workshops.

Through our Project Listen Up (PLU) initiative, we provided Newark high school students and their teachers an Audible membership, along with a Fire tablet and bundle of educator-selected audiobooks, unleashing the educational power of listening across Newark. And to catalyze Newark's tech ecosystem beyond Audible's walls, Audible founded Newark Venture Partners (NVP), and hundreds of our employees, spanning data scientists, UX designers, recruiters, marketers and other experts, are on call as NVP specialists to coach the companies in residence.

In May, Audible opened our Innovation Cathedral, a historic church that is now a cornerstone of Newark's burgeoning innovation ecosystem. Built in 1933, the 80,000 square-foot former church is now a state-of-the-art technology center for 400 software development engineers and other technologists. With the help of a $40 million Grow NJ award, we have breathed new life into this Newark landmark while preserving many of its historic elements — including its distinctive stained-glass windows, organ pipes and bowling alley. In addition to offices, the reimagined space includes work cafes and lounges, game areas, an exhibit space, and a 350-seat auditorium. We would love to host members of the legislature who have not yet seen this building, our third location in Newark.

Audible and our development partner Fidelco invested $58.6 million in eligible expenses by the completion of the project, exceeding our Grow NJ capital expenditure requirement by over $8 million. The 400 highly skilled professionals working in the Cathedral — of which 350 are new jobs under the terms of our Grow NJ award — earn a median annual salary exceeding $125,000. As Audible continues to grow, we have already created nearly 650 news jobs in Newark since our March 2015 pledge to the New Jersey Economic Development Authority (NJEDA) to create 350 new jobs, thus exceeding our Grow NJ job creation obligations by over 85%.

We consider S-1837 and the state investment of $25M in NVP's second fund the kind of action that will make a statement to business leaders, political leaders, community leaders and the vast population of students who learn in our state and too often leave to create lives and in many cases distributable wealth in other places. If these policies are adopted, Audible and NVP pledge to lead in messaging and to assemble a broad portfolio of influencers who will make sure the startup community nationally and internationally recognizes New Jersey as a hub for innovation and engine of inclusive economic growth.

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If you have any questions about Audible's success in Newark, or would like to discuss our vision for New Jersey's innovation economy and these policy proposals further, please reach out to Colin Newman (newcolin@audible.com) and Brian Quinn (quinbria@audible.com) on my team.

Sincerely,

Don Katz
Founder and CEO

Cc: The Honorable Phil Murphy, Governor of New Jersey
The Honorable Steve Sweeney, Senate President
The Honorable Teresa Ruiz, Senate President Pro Tempore
The Honorable Tim Sullivan, CEO, New Jersey Economic Development Authority