

Boraie project to begin by year's end

By DONALD WITTKOWSKI Staff Writer | Posted: Friday, September 26, 2014 7:55 am

ATLANTIC CITY — Construction will begin by year's end on a \$60 million apartment building that will help revitalize a barren area of Atlantic City in the shadow of the now-shuttered Revel Casino Hotel, the developer said Thursday.

Boraie Development LLC reiterated its commitment to the Atlantic City market, despite a whirlwind of casino closings in recent weeks and questions about whether the apartment project is even needed.

“We’re going to be part of a coterie of projects that will lead the revitalization of Atlantic City for nongaming,” said Wasseem Boraie, vice president of the family owned company based in New Brunswick. “I would say that every city needs a balance between commercial and residential to be successful.”

Site work will start by year's end, followed by construction on the superstructure beginning in late March. The project is scheduled to take 14 months to complete, Boraie said.

Boraie Development is planning to build the 250-unit apartment complex on long-vacant land dubbed “Pauline’s Prairie,” a dubious ode to the late Pauline Hill, who headed the Atlantic City Housing Authority when the tract was cleared of its old homes and apartments in the 1960s to make room for urban renewal in the South Inlet area.

The 2012 opening of the \$2.4 billion Revel megaresort was supposed to be the primary catalyst for construction in the surrounding South Inlet neighborhood, but the casino's closing over the Labor Day weekend is seen as a huge setback for development plans.

In an interview Thursday, Wasseem Boraie maintained that the “macroeconomics for the city are still very bright.” He noted that Atlantic City's casino market remains one of the largest in the country, with about \$2.5 billion in revenue expected for 2014. The city is also boosted by nearly 28 million annual visitors and about 25,000 casino employees, he said.

“We firmly believe in Atlantic City as a residential market and we firmly believe people will continue to come to Atlantic City,” he said.



AC Urban Homesteading

A pedestrian walks past the Boraie site at Atlantic and New Jersey Avenue in Atlantic City, Wednesday Sept. 17, 2014.

The apartment building will wrap around New Jersey, Pacific, Connecticut and Atlantic avenues. A second phase is planned to include smaller-scale retail and entertainment attractions catering to neighborhood residents.

Boraie has teamed up with retired NBA superstar Shaquille O'Neal for the Atlantic City project. O'Neal and Boraie have also been partners in real estate projects in Newark.

"Shaq believes in A.C.," Boraie said.

Boraie's apartment building is backed by a \$30 million loan from the Casino Reinvestment Development Authority, the state agency overseeing the South Inlet's redevelopment plans. The CRDA's loan depends on Boraie Development completing a private financing deal to fund the rest of the project.

Wasseem Boraie said the company would not divulge details about its private financing until it begins construction. During a CRDA board meeting last week, authority Executive Director John Palmieri said the company told him that it has lined up a lender.

One member of the CRDA's board questioned whether the authority should finance a residential project at a time when thousands of casino workers are losing their jobs, drastically reducing the number of potential tenants for Boraie's apartment.

"Does the project still make sense?" said Tom Ballance, president of Borgata Hotel Casino & Spa and one of two gaming industry representatives on the CRDA board.

Ballance suggested that the CRDA may have to re-examine its funding priorities following the closing of the Atlantic Club, Showboat, Revel and Trump Plaza casinos this year. Trump Taj Mahal Casino Resort is threatening to shut down Nov. 13 unless its labor unions agree to cost-cutting concessions. The casino closings have thrown 8,000 people out of work.

"It's not like we had a little change in the market," Ballance said. "We've had a seismic change in the market."

The CRDA uses revenue from the casino industry for housing projects and economic development in Atlantic City. Its board has authorized Palmieri to negotiate final funding agreements for the Boraie project. CRDA Chairman James Kehoe assured Ballance that Palmieri's oversight will provide safeguards for the agency and its funding.

Wasseem Boraie seemed surprised by Ballance's comments. He said the apartment complex blends in with the CRDA's overall development strategy for more nongambling projects to diversify the city's economy. He also said there are synergies between Boraie's project and Gov. Chris Christie's efforts to promote public and private investment in Atlantic City, including the South Inlet.

“I don’t know how anyone can say this is not needed,” Boraie said.

Boraie also said the project will help lift the local economy by creating more than 500 construction jobs and about 150 permanent positions. He said his company is committed to giving Atlantic City residents first crack at those jobs.

Contact Donald Wittkowski:

609-272-7258

DWittkowski@pressofac.com