

# Alcatel-Lucent (Bell Labs)

**June 17, 2014. Somerset Payment-In-Lieu-of-Taxes (PILOT) Agreement.** The Holmdel Township Committee approved an ordinance, entering into a 30-year [Payment-In-Lieu-of-Taxes \(PILOT\) agreement](#) with Somerset Development for the Alcatel-Lucent Building. Somerset will make payments defined by a schedule (p.90 of the agreement) in exchange for an exemption from ordinary property taxes. Comparing the payments to what the town would get from ordinary taxes is complex, in part because it depends on the evolving value of the property over the 30-year period—something that can only be estimated. However, the agreement itself estimates a net benefit to Somerset of about \$30M, i.e., they expect to pay \$30M less than they would if they paid ordinary property taxes.

Somerset presumably made their development of the property conditional on this agreement and the tax benefit they expect to realize. The township committee is claiming a benefit of \$70M based on the township retaining the full \$103M of PILOT payments (over 30 years) rather than the \$32M (estimated) that it would receive from conventional taxes. This is apparently because the PILOT will not be automatically divided between the municipality and the school system as are conventional taxes. But since the school system and the municipality are effectively two pockets in the same pair of pants (the same set of property owners pay both the school and municipal taxes), whether the PILOT goes to the municipality or the schools or both, the overall tax impact on property owners is the same.

The PILOT does lock in the revenue stream, independent of property value fluctuations. In addition, it commits Somerset to redevelop the building, which has been languishing for many years. This is worth something. But 30 years is a long time. The PILOT payments rely on the continued viability of Somerset Development (actually, the LLC they have created for this project). If the redevelopment project is unsuccessful, they may simply go bankrupt and payments will likely cease. On the other hand, if the project is very successful, the lost tax revenue may be much larger than the estimated \$30M. Somerset appears to have limited downside and unlimited upside, whereas the town has the reverse.

**Tuesday, July 23, 2013, 7:00 PM, Holmdel Planning Board Presentation: Somerset's Phase 1 Development Plan**, focusing on the development of the building along with modifications to the roadway entrances. A major part of the presentation was the traffic study conducted by a Somerset subcontractor.

- [Audio recording, part 1](#)
- [Audio recording, part 2](#)
- [Photos from the presentation](#)

**Monday, June 17, 2013, 7:00 PM, Development Plan for the Alcatel-Lucent Property**, Holmdel Senior/Community Center. Somerset Holmdel, LLC presented their plan for the Lucent Property located on Crawfords Corner Road.

- [Audio recording from the presentation](#)
- [Photos from the presentation](#)

**May 2013:** Somerset Development has created a website to present their plans for the Alcatel-Lucent site. See [Somerset Development Bell Labs](#).

**April 2013:** The developer has submitted, to the Holmdel Planning Board, a request to subdivide the property into two lots: one containing the main building, parking lots, and oval roadways—basically everything inside the outer oval roadway—and a second lot containing everything else. CILU is very concerned that such a subdivision will allow the developer to build profitable housing on the second lot, then ultimately abandon the main building.

The Alcatel-Lucent property on Crawfords Corner Road has been declared an "*Area in Need of Redevelopment*" and the town has adopted a Redevelopment Plan. This has the potential for far-reaching impacts on Holmdel, and CILU urges all residents to familiarize themselves with this plan and related activities.

Some useful links:

- [The Redevelopment Plan as adopted by the Holmdel Township Committee, May 2012](#)
- [Somerset Development's Concept Plan, Option 1 \(Jan 2013\)](#)
- [Somerset Development's Concept Plan, Option 2 \(Jan 2013\)](#)
- [Holmdel-Hazlet Patch articles on the Alcatel-Lucent property](#)

See also the [CILU page on Sewer and Septic Systems](#), as there is an intimate connection between development and sewers.

CILU strongly supports/urges a bipartisan effort by the Township Committee to secure the best use of the Alcatel/Lucent property. A use that

- Serves the long-term interests of the Holmdel community
- Preserves the environment, in particular the protection of the Swimming River Reservoir watershed
- Understands and provides a plan to support COAH responsibilities
- Addresses the existence of an Eero Saarinen building

Based on [the final report of the 2008 Bell Labs Charrette](#) CILU recommends consideration of a mixed-use solution on the current footprint as one of the most viable solutions. We recognize the complex and intertwined nature of the numerous issues involved, and we are actively monitoring the unfolding proceedings. We encourage our Township officials to remain in open, productive dialogue with both owner and contract purchaser, in an attempt to secure the most favorable outcome for our citizens, our fiscal stability, and our environmental integrity.

[A Mixed-Use Solution](#)