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April 14, 2010

Luxury Condos for Princeton

By ANTOINETTE MARTIN

PRINCETON BOROUGH

ARRIVING on the market sometime this spring or summer after 20 years of planning and controversy — and more than 70 years after a namesake mixed-use development started taking shape nearby — the first phase of the elegant 100-unit Palmer Square condominium adjacent to [Princeton University](#) will emerge at a time when the appetite for elegance is generally slack.

Some of that delay is due to a struggle to define and enforce the developers' responsibility to create affordable-housing units.

The development agreement struck in 2004 between Palmer Square Management and borough authorities specified that 10 units within the Palmer Square mixed-use development would be made available as moderately priced rentals, in exchange for permission to build the 100 luxury condo units. The borough had initially pushed for 20 of the new condo units to be affordable.

Asking prices for the luxury town-house and one-story units at the Residences at Palmer Square range from \$1.2 million to \$3 million. The starting price has been reduced from the \$1.3 million figure announced last year, as a concession to economic realities, marketing agents said.

"We could not ignore what's going on in the 'real world,'" said Jay Goldberg of the Stasse & Company agency. "But interest is starting to build, and traffic is high. We think that people will unquestionably want to live here."

David S. Newton, the vice president of Palmer Square Management, which owns and manages the mixed-use Palmer Square development, begun in 1937 and expanded in the 1980s, acknowledged that the 2008 start date for this project was "just when it looked like the world might be coming to an end for luxury housing development," but said, "We made a commitment to the borough to build it."

He also said the company — then known as Collins Development Corporation — “almost had no choice but to proceed with the original vision for Palmer Square and the established level of sophistication and historic style.”

The three-story town houses and four-story condo buildings are being built on what was formerly a grassy field, set behind the Palmer Square commercial area and not far from a modest neighborhood of single-family homes and rental apartments. Eleven units are near completion — five town houses and six one-floor condos — and will be ready for marketing and sale as soon as state housing authorities grant final approvals, Mr. Goldberg said.

Forty more units are in various stages of completion.

The target buyers are older adults, probably longtime homeowners who have a yen for “sumptuous downsizing,” as Mr. Newton put it. The condos range in size from 1,650 square feet to 3,200 square feet for the town houses.

Every unit is to have at least two bedrooms (town houses have at least three, as well as three and a half baths and an elevator). All are to have high ceilings, tall windows, expensive appliances and finishes throughout, gas fireplaces, and assigned spaces in a parking garage beneath the buildings. Many will also have private terraces or Juliet balconies.

In the late 1930s and early '40s the original developer, Edgar Palmer, envisioned Palmer Square as a revival of the colonial square, a place where people could live, work and shop within walking distance. (That notion is once again popular; planners call the style New Urbanism.)

But Mr. Palmer died, deeding his partly finished project to the university, which held on to it until 1981, making no changes, and then sold to Collins. The company poured \$100 million into its investment, expanding shops and office buildings, and converting more than 100 small rental units above the shops to condominiums.

By 1990, plans were in place for the next 100 units.

But it took 14 years of sometimes racially charged debate about how many and what type of lower-cost units would be part of the plan, before the next six years could be devoted to readying the first units.

At one point in the debate, a borough official asserted concern that a “golden ghetto” was taking shape at Palmer Square: a few blocks of concentrated affluence butting up against a less privileged neighborhood, historically populated by African-Americans and recent immigrants.

The comment touched on racial tensions long simmering in the community. “Nothing happens in a hurry in Princeton,” Mr. Newton said. “But the ‘golden ghetto’ issue was the biggest challenge impeding progress with the housing.”

Eight of the 10 moderately priced rentals — in part of the development finished in the '80s — are now ready, Mr. Newton said; they are to be leased by tenants who meet eligibility requirements. Two more units, a one-bedroom and a studio, will be identified and delivered as soon as possible, he said.

In February Gov. [Christopher J. Christie](#) set up a committee to devise a new system for encouraging development of lower-priced units. Mr. Christie also froze all activity by the existing regulatory board, the Council on Affordable Housing. Mr. Newton said, however, that his company’s agreement was with the town, not the state regulatory agency, and that plans at Palmer Square would be unaffected.

Currently, there is very little on the market in Princeton Borough, which is an independent community within Princeton Township. The inventory of homes for sale is two and a half months, which Jeffrey G. Otteau, a real estate industry consultant, described as scant.

It has been decades since any new housing has gone up in the borough. But this spring, in addition to the Palmer Square condos, a rental building is nearing completion. Its developer, Jack Morrison, said rents in the 53-unit building would range from \$1,900 to \$3,000 a month.