

**ORDINANCE 2019-20**

**AN ORDINANCE OF THE TOWNSHIP OF CHATHAM, COUNTY OF MORRIS, STATE OF NEW JERSEY, APPROVING THE LONG TERM TAX EXEMPTION APPLICATION AND AUTHORIZING THE MAYOR AND TOWNSHIP CLERK TO EXECUTE A FINANCIAL AGREEMENT BY AND BETWEEN THE TOWNSHIP OF CHATHAM AND SOUTHERN BOULEVARD URBAN RENEWAL, LLC, PURSUANT TO N.J.S.A. 40A:20-1 ET SEQ. FOR PROPERTY LOCATED AT 405 SOUTHERN BOULEVARD, ALSO KNOWN AS A PORTION OF LOT 117.27 IN BLOCK 48.16, AS SHOWN ON THE OFFICIAL TAX MAP OF THE TOWNSHIP OF CHATHAM, LOCATED IN THE SKATE PARK REDEVELOPMENT AREA**

**BE IT ORDAINED** by the Township Committee of the Township of Chatham, in the County of Morris, State of New Jersey, as follows:

**Section 1.** The Township Committee of the Township of Chatham (“Township”) designated a portion of Block 48.16, Lot 117.27 (“Property”) as the Skate Park Redevelopment Area (“Redevelopment Area”) and adopted the Redevelopment Plan for the Redevelopment Area (“Plan”) on December 13, 2018.

**Section 2.** On December 13, 2018, the Township adopted a Resolution conditionally designating Southern Boulevard Urban Renewal, LLC (“Redeveloper”), as redeveloper of the Property subject to certain conditions.

**Section 3.** Redeveloper is an urban renewal entity, created in accordance with the Long Term Tax Exemption Law, constituting Chapter 431 of the Pamphlet Laws of 1991 of the State, and the act amendatory thereof and supplementary thereto (“Long Term Tax Exemption Law,” as codified in N.J.S.A. 40A:20-1 et seq.), which shall take title to the Property and act as Redeveloper.

**Section 4.** On October 21, 2019, Redeveloper obtained preliminary and final site plan and subdivision and bulk variance approvals from the Township Planning Board for the Property for a residential development of 24 affordable housing units and related site improvements (“Project”).

**Section 5.** The Township and Redeveloper have completed negotiations on a Redevelopment Agreement to be considered for approval by the Township on November 14, 2019, which sets forth certain terms and conditions with respect to the sale of the Property to Redeveloper by the Township, the redevelopment of the Property, the construction of the Project and the payment of certain costs in connection therewith (“Redevelopment Agreement”).

**Section 6.** Pursuant to and in accordance with the provisions of the Long Term Tax Exemption Law, the Township is authorized to provide for tax exemptions within a redevelopment area and for payments in lieu of taxes.

**Section 7.** The Redeveloper submitted an application (“Exemption Application,” a copy of which is attached hereto as Exhibit A) to the Township, dated October 25, 2019, including a form of financial agreement (“Financial Agreement,” a copy of which is attached hereto as Exhibit B), for the approval of a Project, as such term is used in the Long Term Tax Exemption Law, all in accordance with N.J.S.A. 40A:20-8.

**Section 8.** The Exemption Application requests a 30-year term for the Financial Agreement and an annual service charge (“Annual Service Charge”) based on 6.28% of annual gross revenue, subject to staged increases beginning in Year 16, as set forth in the Financial Agreement and as provided for under the Long Term Tax Exemption Law.

**Section 9.** The Township and Redeveloper reached agreement regarding, among other things, the terms and conditions relating to the Annual Service Charge, and they desire to execute the Financial Agreement.

**NOW, THEREFORE, BE IT ORDAINED** by the Township Committee of the Township of Chatham, County of Morris, New Jersey, as follows:

**Section 1.** The Township acknowledges that Redeveloper, by effectuating the redevelopment of the Property, will provide significant and long-term benefits to the Township.

**Section 2.** The Township makes the following findings:

A. Relative benefits of the Project when compared to the costs:

1. The Property currently generates no real estate tax revenue to the Township because the Property is owned by the Township and assessed as municipal property. The projected Annual Service Charge will generate average revenue to the Township of approximately \$17,000 annually over the term;
2. It is estimated that the Project will create approximately 50 jobs during construction and 1 new permanent job after completion of construction;
3. The Project will provide 24 units of affordable housing to the region;
4. The Project will further the redevelopment objectives of the Redevelopment Plan; and
5. The Township has determined that the benefits of the Project significantly outweigh the costs to the Township.

B. Assessment of the importance of the tax exemption in obtaining development of the Project and influencing the locational decisions of probable occupants:

1. The relative stability and predictability of the Annual Service Charge will make the Project more attractive to investors and lenders needed to finance the Project; and
2. The relative stability and predictability of the Annual Service Charge will allow stabilization of the Project operating budget, allowing a high level of design and aesthetics as well as the use of high quality materials which will maintain the appearance of the buildings over the life of the Project, which will insure that it will have a positive impact on the surrounding area.

**Section 3.** The Exemption Application is hereby accepted and approved.

**Section 4.** The Financial Agreement shall be for a 30-year term with an annual service charge based on 6.28% of annual gross revenue for the Project, and subject to certain staged increases beginning in Year 16, in accordance with the Long Term Tax Exemption Law.

**Section 5.** The Financial Agreement is hereby authorized to be executed and delivered on behalf of the Township by the Mayor in substantially the form attached hereto as Exhibit B. The Township Clerk is hereby authorized and directed to attest to the execution of the Financial Agreement by the Mayor and to affix the corporate seal of the Township to the Financial Agreement.

**Section 6.** This Ordinance shall take effect upon final passage and publication as required by law.

#### **EXHIBIT A**

#### **EXEMPTION APPLICATION**

#### **EXHIBIT B**

#### **FORM OF FINANCIAL AGREEMENT**

EFFECTIVE DATE

This Ordinance shall take effect twenty (20) days after publication in accordance with applicable law.

Introduced: November 14, 2019

TOWNSHIP OF CHATHAM, COUNTY OF  
MORRIS, STATE OF NEW JERSEY

Adopted: December 12, 2019

Attest:

BY: \_\_\_\_\_  
Tayfun Selen, Mayor

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Gregory J. LaConte, Clerk