

**THE CITY OF
EAST ORANGE, NEW JERSEY
ORDINANCE NO. 36 OF 2020**

**AN ORDINANCE AMENDING ORDINANCE 17 OF 2017 TO EXTEND THE TIME
FRAME FOR COMPLETION OF THE EXECUTION OF AN AMENDED
FINANCIAL AGREEMENT BETWEEN THE CITY OF EAST ORANGE AND SV
19 N. HARRISON URBAN RENEWAL ENTITY, LLC**

WHEREAS, pursuant to the provisions of the New Jersey Long Term Tax Exemption Law, (N.J.S.A. 40A:20-1 et seq.), and Chapter 247-1 et seq., of the Code of the City of East Orange, **SV 19 N. HARRISON URBAN RENEWAL ENTITY, LLC** hereinafter referred to as the "Entity" or "Developer"), proposes to rehabilitate and renovate an existing structure (hereinafter referred to as the "Project") within the City of East Orange (hereinafter referred to as the "City") on a site described as Block 686, Lot 5, 10, 12, 12.01 as shown on the Official Assessment Tax Map of the City of East Orange in the County of Essex and more commonly known as 13-23 North Harrison Street, East Orange, New Jersey; and

WHEREAS, the Developer has provided an in-depth proposal and application to the City of East Orange (hereinafter referred to as the "Municipal Governing Body") seeking a long term tax exemption; and

WHEREAS, the application of **SV 19 N. HARRISON URBAN RENEWAL ENTITY, LLC**, for the rehabilitation, maintenance and operation of a mixed-use project described in the application is hereby approved in accordance with the recommendation of the Mayor's Tax Exemption Review Committee and the Director of Policy, Planning and Development; and

WHEREAS, the Developer has presented to the Mayor's Tax Exemption Review Committee a revenue projection for the Project, that sets forth the total gross revenue to be received and costs to be expended by the Developer from the operation of the Project as estimated by the Developer; and

WHEREAS, The Mayor of the City of East Orange in accordance with the LTTE Law, N.J.S.A. (40A:20-1 et seq.) and Article II of Chapter 247 of the Municipal Code entitled Long-Term Tax Exemptions and Payments In lieu of Taxes has recommended to the Municipal Governing Body the acceptance of this application; and

WHEREAS, the Municipal Governing Body has determined that the financial feasibility and viability of the project is dependent upon financial assistance in the form of the payment to the City of an annual service charge in lieu of taxes in accordance with applicable law; and

WHEREAS, the Municipal Governing Body has also determined that said documents support the benefit to the resident of the City of East Orange of granting a long-term tax exemption; and

WHEREAS, the Developer has demonstrated to the satisfaction of the Municipal Governing Body that the granting of a long term tax exemption will improve the quality of life for the occupants of the project and the quality of life for the City of East Orange; and

WHEREAS, the Municipal Governing Body has thoroughly reviewed the Developer's submissions and supporting documents and determined that it is in the best interest of the City to grant a tax abatement to the Developer in the amount set forth in the attached financial agreement subject to the adoption of this ordinance for a twenty (20) year term during which the annual service charge shall be remitted in accordance with the Financial Agreement; and

WHEREAS, together with payment of the annual service charge, the Developer shall pay five (5%) percent of the annual service charge due to the county pursuant to N.J.S.A. 40A: 20-1 et se q., and Chapter 247-7(P); and

WHEREAS, the Developer along with its payment in lieu of taxes shall pay an annual administrative fee equal to 2% of the service charge to the City; and

WHEREAS, the Developer has agreed that the Office of the Tax Assessor shall conduct a mandatory review during the exemption period of the Financial Agreement and other financial documents every two years; and

WHEREAS, the Developer has agreed that the project is financially feasible and as such, the annual service charge shall be increased annually in accordance with the Financial Agreement; and

WHEREAS, The Developer has agreed to grounds for termination of the tax abatement consistent with the Financial Agreement, Article II Chapter 247 of the municipal code entitled long term tax exemptions and pilots; and

WHEREAS, The City of East Orange entered the original Financial Agreement in reliance upon planned demolition and renovation of a building at the existing site for the Project being commenced and completed within twenty-four (24) months of execution of this agreement; and

WHEREAS, the original 24-month timeline for the completion of the project has expired;
and

WHEREAS, **SV 19 N. HARRISON URBAN RENEWAL ENTITY, LLC** has applied to the City for an extension of an additional 24 months for the completion of the Project; and

WHEREAS, the financial agreement represents an arm's length transaction between the parties and all promises and agreements, express or implied, payment of fees or other benefits, terms or conditions related thereto are incorporated therein as it concerns the project and the parties hereto as well as their agents and servants; and

WHEREAS, the Entity hereby certifies its compliance with the applicable municipal ordinances including but not limited to Ordinance No. 4 of 2010, Ordinance No. 32 of 2012 and any amendments thereto as the New Jersey Long Term Tax Exemption Law, (N.J.S.A. 40A:20-1 et seq.); and

WHEREAS, to the extent that the Project is eligible and so qualifies, the Project will also be subject to requirements of the New Jersey Department of Community Affairs (hereinafter referred to as the "Department"), Neighborhood Preservation Balanced Housing Program in accordance with N.J.S.A. 52:27D-320 and applicable rules promulgated thereunder at N.J.A.C. 5:43-1.1 et se q., and the mortgage and other loan documents executed between the Developer and the Commissioner of the Department

NOW THEREFORE, BE IT ORDAINED by the Municipal Governing Body of the City of East Orange that:

SECTION 1: PROVISIONS

- (1) The Municipal Governing Body hereby grants and approves the application for the 24-month extension for the complete of the Project as described at length herein, as well as all relevant documents and agreements; and
- (2) The Municipal Governing Body hereby declares that the 24-month extension shall begin immediately upon the adoption of this Ordinance amending Ordinance 17 of 2017; and
- (3) The Municipal Governing Body hereby finds and determines that the proposed Project will meet or meets an existing housing need and that the exemption is in the City's best interest; and
- (4) The Municipal Governing Body does hereby make the determination and findings herein contained pursuant to, and in conformity with the provisions of Article II Chapter 247 of the municipal code entitled long term tax exemptions and pilots and the New Jersey Long Term Tax Exemption Law, (N.J.S.A. 40A:20-1 et seq.) and in accordance with the recommendations of the Mayor's tax exemption review committee; and
- (5) The Municipal Governing Body does hereby adopt this Ordinance with the further intent and purpose that from the date of Closing of Title, the proposed Project, including both the land and improvements thereon, will be exempt from real property taxation for a term not to exceed twenty (20) years in accordance with N.J.S.A. 40:20-12, provided that payment of annual service charges for municipal services supplied to the Project are made to the City for the time in such amounts and in the manner set forth in Financial Agreement, and there is no material breach of all other terms in the Financial Agreement; and
- (6) The Municipal Governing Body hereby authorizes and directs the Mayor and the City Clerk to execute the Financial Agreement referenced herein; and
- (7) The Municipal Governing Body hereby directs the City Clerk to transmit a certified copy of this Ordinance and the Financial Agreement to the Director of the Division of Local Government Services.

SECTION 2: INCONSISTENCIES

All other ordinances and parts of ordinances in conflict or inconsistent with this ordinance are hereby repealed but only to the extent of such conflict or inconsistency.

SECTION 3: HEADINGS

All headings within this ordinance are for convenience only and are not deemed to be part of this ordinance.

SECTION 4: EFFECTIVE DATE

This ordinance shall take effect after final passage and upon expiration of twenty (20) days following publication unless otherwise provided by resolution of this City Council.

By Order of the East Orange City Council

CYNTHIA S. BROWN
City Clerk

CHRISTOPHER D. JAMES
City Council Chairman

Copies of the above Ordinance are posted on the Bulletin Boards in the Council Chambers, City Hall Lobby and the City Clerk's Office. Additional copies are available upon request in the City Clerk's Office during regular business hours.