

ORDINANCE OR:17/05

**AN ORDINANCE OF THE BOROUGH OF WATCHUNG
AUTHORIZING THE GRANTING OF A LONG TERM TAX EXEMPTION AND
THE EXECUTION OF A FINANCIAL AGREEMENT WITH
EAST DRIVE URBAN RENEWAL ASSOCIATES, L.P.
PURSUANT TO N.J.S.A. 40A:20-1 ET.SEQ.**

WHEREAS, the New Jersey Long Term Tax Exemption Law, N.J.S.A. 40A:20-1 et.seq. authorizes a municipality to enter into a Financial Agreement with an urban renewal entity undertaking development and construction of a low or moderate income housing development, including the grant of a long term tax exemption to the development; and

WHEREAS, East Drive Urban Renewal Associates, L.P., hereinafter also referred to as the "Entity", is qualified to do business under the provisions of the New Jersey Long Term Tax Exemption Law and has made application to the Borough of Watchung for (i) approval of an affordable housing development consisting of forty-nine units, forty-eight of which will be COAH qualified units (the "Development") to be located in the Borough of Watchung, Somerset County, New Jersey on the property known and designated on the Official Tax Map of the Borough of Watchung as Block 57.01, Lot 6.1, located within an area designated for redevelopment by the Borough of Watchung (the "Redevelopment Area"), (ii) the grant of a long term tax exemption for the Development and (iii) the execution of the attached Financial Agreement; and

WHEREAS, the Development meets an existing need, as defined in the New Jersey Local Redevelopment and Housing Law N.J.S.A. 40A:12A-1, et. seq., and the Entity has demonstrated that the Development is an improvement made for the purposes of clearance, replanning, development or redevelopment within the Redevelopment Area as provided for in the Local Redevelopment and Housing Law;

NOW, THEREFORE, be it **Ordained by the Municipal Council of the Borough of Watchung that:**

1. The application of East Drive Urban Renewal Associates, L.P. for the grant of a long term tax exemption for the Development and the execution of attached Financial Agreement be and is hereby approved.
2. The exemption from taxation on improvements to be constructed by the Entity on Block 57.01, Lot 6.1 is hereby approved for a period of thirty (30) years from the date of substantial completion of the Development or the issuance of a certificate of occupancy for the Development but only so long as the Entity is subject to and in compliance with the terms of the Financial Agreement and the Long Term Tax Exemption Law.
3. The Mayor of the Borough of Watchung is hereby authorized to execute on the Borough's behalf the aforementioned Financial Agreement substantially in the form attached hereto.

4. An executed copy of the Financial Agreement authorized by this Ordinance shall be kept on file in the office of the Borough Clerk for purposes of review and record.

5. The Development, when completed, shall conform with all State laws and ordinances of the Borough of Watchung relating to its construction and use.

6. The Entity shall pay an annual service charge based on five percent (5 %) of the annual gross revenue generated from the Development as set forth in the Financial Agreement. The annual service charge rate shall be fixed for the entire term of the tax exemption but after the initial fifteen (15) years of the term the minimum annual service charge shall be determined as otherwise set forth in the Financial Agreement. Following submission of an annual auditor's report within ninety (90) days of the end of each fiscal or calendar year, the Township and the Entity shall adjust any over payment or under payment determined for the audited period.

7. The Entity shall submit a total Development cost audit by certified public accountants within ninety (90) days following substantial completion of the project.

ATTEST:

Michelle DeRocco, Borough Clerk

Stephen K. Pote, Mayor

INTRODUCED BY: Joren
PASSED: February 16, 2017
PUBLISHED:
ADOPTED: