

**BOROUGH OF NORTH PLAINFIELD
COUNTY OF SOMERSET
STATE OF NEW JERSEY**

ORDINANCE NO. 24-12

**ORDINANCE APPROVING APPLICATION FOR A LONG-TERM TAX
EXEMPTION AND AUTHORIZING THE EXECUTION OF A FINANCIAL
AGREEMENT WITH CAROL GARDENS AT NORTH PLAINFIELD
URBAN RENEWAL LLC**

WHEREAS, the Borough of North Plainfield (“Borough”) previously determined that property designated as Block 110, Lots 2.02 through 2.14 on the Official Tax Map of the Borough (the “Property”), also known as the “Villa Maria” site, is an area in need of redevelopment in accordance with the criteria set forth in the Local Redevelopment and Housing Law (“LRHL” or “Redevelopment Law”), N.J.S.A. 40A:12A-1 *et seq.*; and,

WHEREAS, pursuant to the provisions of the LRHL, specifically including N.J.S.A. 40A:12A-6(a), the Borough Council adopted Ordinance No. 20-05, approving a redevelopment plan known as the “Villa Maria Site Redevelopment Plan” (the “Redevelopment Plan”), establishing zoning standards and development regulations within the Redevelopment Area; and,

WHEREAS, on September 11, 2023, the Governing Body adopted Ordinance No. 23-12, approving an amendment to the Redevelopment Plan (the “Amended Redevelopment Plan”); and,

WHEREAS, the Borough Council has adopted a Resolution designating Villani Realty Group, a New Jersey corporation, as the Redeveloper of Block 110, Lots 2.02 through 2.13 of the Property, consisting of approximately two and seven hundredths (2.07) acres for its proposed development of a housing project consisting of a total of thirty-two (32) rental dwelling units, thirteen (13) units of which will be affordable housing rental dwelling units for low- and moderate-income families and nineteen (19) units of which will be market-rate rental dwelling units (the “Project”) to help fulfill the Borough’s Third (3rd) Round affordable housing obligations and implement the Borough’s adopted Housing Element and Fair Share Plan, as well as a head start on the Borough’s Fourth (4th) Round affordable housing obligations; and,

WHEREAS, pursuant to the Redevelopment Law, improvements to property located within an area in need of rehabilitation or redevelopment may qualify for long term tax exemptions under the Long Term Tax Exemption Law, N.J.S.A. 40A:20-1 *et seq.* (the “LTTEL”); and,

WHEREAS, Carol Gardens at North Plainfield Urban Renewal LLC, a New Jersey non-profit corporation, is an urban renewal entity created by the Redeveloper in accordance with the LTTEL; and,

WHEREAS, in order to enhance the economic viability of and opportunity for a successful project, the Borough wishes to enter into a Financial Agreement with Carol Gardens at North Plainfield Urban Renewal LLC (the “Financial Agreement”), as the entity created by the

Redeveloper for such purpose, governing payments made to the Borough in lieu of real estate taxes on the Project pursuant to the LTTEL; and,

WHEREAS, the provisions of the LTTEL authorize the Borough to accept, in lieu of real property taxes, an annual service charge paid to the Borough based on the enumerated formulas set forth in the LTTEL; and,

WHEREAS, in accordance with the LTTEL, in order to enhance the economic viability of and opportunity for a successful project, the Redeveloper has submitted to the Mayor an application (the "Application"), which is on file with the Borough Clerk and a copy of which is annexed hereto, seeking a tax exemption in connection with the Project, pursuant to the LTTEL, in exchange for which Carol Gardens at North Plainfield Urban Renewal LLC, the urban renewal entity created by the Redeveloper, proposes to make payments to the Borough of Annual Service Charges (a/k/a as "Payments in Lieu of Taxes" or "PILOT") in lieu of taxes; and,

WHEREAS, the Mayor has been presented with a form of Financial Agreement, establishing the rights, responsibilities and obligations of Carol Gardens at North Plainfield Urban Renewal LLC; and,

WHEREAS, the Mayor has submitted the Application and the Financial Agreement to the Borough Council with his recommendation for approval; and,

WHEREAS, upon review of the Application and the Mayor's recommendation, the Borough Council has made the following findings with respect to the Project, pursuant to N.J.S.A. 40A:20-11:

A. Relative Benefits of the Project:

The Property consists of approximately two and seven hundredths (2.07) acres and is currently underutilized. The Redeveloper has proposed a development of a mixed affordable housing project consisting of a total of thirty-two (32) rental dwelling units, thirteen (13) units of which will be affordable housing rental dwelling units for low- and moderate-income families and nineteen (19) units of which will be market-rate rental dwelling units (the "Project"). The Borough finds and determines that the Project is to the direct benefit of the health, welfare and financial well-being of the Borough because it allows for redevelopment of the Property into productive, useful and job-creating partially affordable housing property. The Project will generate significant amounts of new municipal revenues through the Annual Service Charge and will help fulfill the Borough's Third (3rd) Round affordable housing obligations and implement the Borough's adopted Housing Element and Fair Share Plan and make a head start on the Borough's Fourth (4th) Round affordable housing obligations. In light of market conditions and other economic factors impacting this Project, it is not financially feasible to undertake the development of this Project in the absence of the tax exemption. Accordingly, without the incentive that the tax exemption provides, it is unlikely that the Project would be undertaken. Without the Project, the benefits described above would not be realized.

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

The tax exemption permits the private residential development of underutilized property and provides a stream of revenue in the form of the Annual Service Charges to the Borough. The relative stability and predictability of the Annual Service Charges will allow the owners and, by extension, the occupants, of the Project to stabilize their expenses, which will ensure the likelihood of the success of the Project and ensure that it will have a positive impact on the surrounding area. The tax exemption permits the development of the Project in an area that would otherwise not be developed by reducing the expenses associated with the operation of the Project. The Project will help fulfill the Borough's Third (3rd) Round affordable housing obligations and implement the Borough's adopted Housing Element and Fair Share Plan (HEFSP) and make a head start on the Borough's Fourth (4th) Round affordable housing obligations.

WHEREAS, in accordance with the provisions of the LTTEL, the Borough Council desires to approve the Application and the Financial Agreement; and,

WHEREAS, pursuant to Section 2.05 of the Redevelopment Agreement between the Borough and the Redeveloper, dated September 20, 2023 (the "Redevelopment Agreement") the Borough is obligated to convey fee simple title to Lots 2.02 through 2.13 of the Property to the Redeveloper for the sum of one dollar (\$1.00) for the development of the Project; and,

WHEREAS, pursuant to Section 7.7 of the First Amendment to the Lease Purchase Agreement between the Borough and the Somerset County Improvement Authority (the "SCIA"), dated February 1, 2022 (the "Amended Lease Purchase Agreement"), the Borough is authorized to direct the SCIA to convey Lots 2.02 through 2.13 of the Property to the Borough's designee for the purpose of the development of the proposed Project; and,

WHEREAS, the Borough Council desires to direct the SCIA to convey Lots 2.02 through 2.13 of the Property to the Redeveloper, as the Borough's designee, for the development of the proposed Project.

NOW, THEREFORE, BE IT ORDAINED by the Borough Council of the Borough of North Plainfield, County of Somerset, State of New Jersey as follows:

1. The aforementioned recitals are incorporated herein as though fully set forth at length.
2. The Application submitted by the Redeveloper is hereby approved in accordance with the LTTEL.
3. The Mayor and Borough Clerk are hereby authorized and directed to execute the Financial Agreement substantially in the form as that which is on file with the Borough Clerk and annexed hereto together with such additions, deletions and other modifications deemed necessary upon consultation with counsel to the Redeveloper/Carol Gardens at North Plainfield Urban Renewal

LLC, and prepare, amend or execute any other agreements necessary to effectuate this Ordinance, subject to modification or revisions, as deemed necessary and appropriate.

4. The Borough Clerk shall file certified copies of this Ordinance and the Financial Agreement with the Tax Assessor of the Borough, in accordance with the LTTEL.

5. In accordance with the LTTEL, within ten (10) calendar days following the later of the effective date of this Ordinance or the execution of the Financial Agreement by Carol Gardens at North Plainfield Urban Renewal LLC, the Borough Clerk also shall transmit a certified copy of this Ordinance and the Financial Agreement to the Chief Financial Officer of the County of Somerset and to the Somerset County Counsel for informational purposes only.

6. In accordance with Section 2.05 of the Redevelopment Agreement and Section 7.7 of the Amended Lease Purchase Agreement the Borough hereby directs the SCIA to convey Lots 2.02 through 2.13 of the Property, consisting of approximately two and seven hundredths (2.07) acres, to the Redeveloper for the proposed Project.

7. The Mayor and Borough Clerk are hereby authorized to take such additional action and to execute such other documents, on behalf of the Borough, in consultation with the Borough Attorney/ Director of Law, as is necessary to effectuate the terms of the Financial Agreement and related documents.

8. If any part(s) of this Ordinance shall be deemed invalid, such part(s) shall be severed and the invalidity thereby shall not affect the remaining parts of this Ordinance.

9. This Ordinance shall take effect, after final passage, twenty (20) days following action or inaction by the Mayor, as provided by law or an override of a mayoral veto by the Council, whichever is applicable, and publication in accordance with law, unless a resolution is adopted, pursuant to N.J.S.A. 40:69A-181(b), by the Borough Council declaring an emergency and providing that this Ordinance shall take effect at an earlier date.

INTRODUCED:

PASSED:

PUBLISHED:

ADOPTED:

ROLL CALL: AYES:

NAYS:

ABSTAIN:

ABSENT:

APPROVED BY THE MAYOR: Yes _____ No _____

The above is a true copy of the Ordinance adopted by the Borough of North Plainfield on _____, 2024

ATTEST:

BOROUGH OF NORTH PLAINFIELD

Michele Irby-Garry, CMR
Acting Borough Clerk
Borough of North Plainfield

Frank A. "Skip" Stabile, Council President

Date signed: _____, 2024

Date signed: _____, 2024

Mayor

Date signed: _____, 2024