

ORDINANCE NO. 20-2016

AN ORDINANCE OF THE TOWNSHIP OF ABERDEEN, COUNTY OF MONMOUTH, STATE OF NEW JERSEY APPROVING THE PILOT APPLICATION AND AUTHORIZING THE MAYOR AND TOWNSHIP CLERK PURSUANT TO N.J.S.A. 40A:20-1 ET SEQ. TO EXECUTE A FINANCIAL AGREEMENT BY AND BETWEEN THE TOWNSHIP OF ABERDEEN AND GLASSWORKS URBAN RENEWAL, LLC FOR PROPERTY LOCATED ON LOT 1 IN BLOCK 155 AS SHOWN ON THE OFFICIAL TAX MAP OF THE TOWNSHIP OF ABERDEEN AND LOCATED IN THE GLASSWORKS REDEVELOPMENT AREA

WHEREAS, on December 21, 2004, pursuant to the New Jersey Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1, et. seq. (the “LRHL”), specifically N.J.S.A. 40A:12A-6(a), the Aberdeen Township Council (the “Council”) adopted Resolution No. 04-141 which authorized the Aberdeen Township Planning Board (the “Planning Board”) to undertake a preliminary investigation to determine whether or not certain land, including land formerly occupied by the Anchor Glass Manufacturing Facility (a.k.a. Midland Glass) should be designated as an “area in need of redevelopment” in accordance with the LRHL; and

WHEREAS, the subject land area considered by the Council to be the subject of the preliminary investigation by the Planning Board included that real certain property consisting of approximately 50.5 acres commonly known as 145 Cliffwood Avenue and more formally identified as Lot 1 in Block 155 on the Township’s tax map (the “Glassworks Redevelopment Area”); and

WHEREAS, on February 21, 2006, the Council, determined that the Glassworks Redevelopment Area met the requirements of an “area in need of redevelopment” under the LRHL; and

WHEREAS, on June 15, 2010, the Council adopted Ordinance #14-2010 adopting the Glassworks Redevelopment Plan (the “Redevelopment Plan”), which sets for the applicable development standards and other regulations for redevelopment of the Glassworks Redevelopment Area; and

WHEREAS, Somerset Development, LLC (“Somerset”) is the designated “redeveloper” of the Glassworks Redevelopment Area and has entered into a Redevelopment Agreement with the Township for the purposes of memorializing certain timelines and obligations with respect to the redevelopment of the Glassworks Redevelopment Area; and

WHEREAS, by Resolution dated September 19, 2013, the Planning Board granted Somerset preliminary and final major site plan approval for the redevelopment of the Glassworks Redevelopment Area with a project (the “Overall Redevelopment Project”) that is to include, among other things, a total of 500 residential units; and

WHEREAS, by Resolution dated September 16, 2015 (the “2015 Approval”), the Planning Board approved an amendment to the overall Phasing Plan for the Overall Redevelopment Project, resulting in the overall Phasing Plan for the Overall Redevelopment Project (the “Phasing Plan”); and

WHEREAS, in accordance with the 2015 Approval and the Phasing Plan, the Project is contemplated to be undertaken in two Phases (i.e., Phase 1 and Phase 2); and

WHEREAS, Phase 1 of the Project is contemplated to be undertaken in several sub-phases (i.e., Phases 1A through 1F); and

WHEREAS, Glassworks Urban Renewal, LLC (the “Entity”) has reached an agreement with Somerset whereby the Entity will undertake the development of Phases 1B and 1C as shown on the Phasing Plan; and

WHEREAS, the Entity was created for the purposes of acquiring, owning, holding, developing, maintaining, financing, mortgaging, improving, operating, leasing, managing, using, refinancing, selling, subdividing, or otherwise dealing with Phases 1B and 1C as shown on the Phasing Plan; and

WHEREAS, Phase 1B of the Project includes construction of a proposed 60 apartment and 23 townhome rental units (collectively, “Phase 1B”); and

WHEREAS, Phase 1C of the Project includes construction of a proposed 69 apartment and 18 townhome rental units (collectively, “Phase 1C”); and

WHEREAS, by Resolution dated May 18, 2016 (the “2016 Approval”), the Entity was granted amended preliminary and final major site plan approval by the Planning Board for the construction of Phase 1B and Phase 1C, inclusive of customary site improvements such as roadways, drainage improvements, lighting, landscaping, and the like (the “Project”), which Project is further described in the 2016 Resolution; and

WHEREAS, the Entity has made a written application, copy attached as Exhibit A (the “Application”), to the Council, in accordance with the New Jersey Long-Term Tax Exemption Law, N.J.S.A. 40A:20A-1, et. seq. (the “Exemption Law”), for a long-term tax exemption for Project; and

WHEREAS, the provisions of the Exemption Law authorize the Township to accept annual service charges in lieu of real property taxes paid by the Entity (as that term is defined below) to the Township; and

WHEREAS, under N.J.S.A. 40A:20-12, where housing is to be constructed, as with the Project, both the housing and land upon which that housing is to be constructed is to be exempt from real property taxes for the duration of the exemption, in consideration of the annual service charge paid by the Entity; and

WHEREAS, it is the intention of the Township and the Entity that the Tax Exemption be for a period of 30 years from Substantial Completion of the Project; and

WHEREAS, pursuant to the Exemption Law, the Township is authorized to enter into a financial agreement with a redeveloper for payment of an annual service charge for municipal services in lieu of taxes for market rate housing projects; and

WHEREAS, the Entity has requested that the Township enter into a financial agreement for payment of an annual service charge for municipal services in lieu of taxes (the “Financial Agreement”) for Project; and

WHEREAS, the Township and the Entity have reached agreement with respect to, among other things, the terms and conditions relating to the Annual Service Charges and desire to execute the Financial Agreement in substantially the form attached hereto as Exhibit B.

NOW, THEREFORE, BE IT ORDAINED AND ENACTED by the Township Council of the Township of Aberdeen, County of Monmouth, State of New Jersey, as follows:

Section 1. The Township acknowledges that Glassworks Urban Renewal, LLC, by effectuating the redevelopment of the Project, will significantly limit its profits due to the extraordinary costs to be borne by the Entity, which will provide significant and long-term benefits to the Township of Aberdeen.

Section 2. The Township makes the following findings:

- A. Relative benefits of the Project when compared to the costs:
 - i. This Agreement will benefit the Township and its inhabitants by furthering the redevelopment of the Glassworks Redevelopment Area, which has been an unproductive and/or vacant property for many years;
 - ii. The Agreement will allow for the development of the Project which will contribute to the economic growth of the Township;
 - iii. The Tax Exemption granted in this Agreement will benefit the Township and its inhabitants by furthering the redevelopment of the Glassworks Redevelopment Area pursuant to the objectives of the Glassworks Redevelopment Plan; and
 - iv. The Township’s review and analysis indicates that the benefits of the Project outweigh the costs and that the revenue generated will yield an annual revenue surplus.

- B. Assessment of the importance of the Tax Exemption defined in obtaining development of the Project and influencing the locational decisions of probable occupants:
 - i. The Tax Exemption will help to offset the significant costs of development of the Project;
 - ii. The Tax Exemption will influence the locational decisions of potential residents of the Project because without the Tax Exemptions, the rental rates of the units in the Project will be higher and prospective occupants of the Project would likely have located in other areas where the prices are lower due in large part to the absence of substantial costs and to lower tax rates;
 - iii. The relative stability and predictability of the Annual Service Charge will allow the Entity and its prospective renters to stabilize their expenses, allowing a high level of maintenance to the Project, which will insure the likelihood of the success of the Project and insure that it will have a positive impact on the surrounding area; and
 - iv. 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 will be a benefit to the Township.

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

Section 4. The Financial Agreement shall be for a thirty (30) year term with an annual service charge beginning at 10% of annual gross revenues from the Project for the first five (5) years and increasing incrementally in accordance with the terms and conditions of the Financial Agreement and the Exemption Law.

Section 5. The Financial Agreement is hereby authorized to be executed and delivered on behalf of the Township by the Mayor. 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. The Township shall not be obligated to execute the Financial Agreement until such time as the Entity has closed on the acquisition of the Project.

Section 7. This ordinance shall take effect upon final passage and publication as required by law.

ATTEST:

TOWNSHIP OF ABERDEEN

Karen Ventura, Township Clerk

By: _____
Fred Tagliarini, Mayor

EXHIBIT A

EXEMPTION APPLICATION

EXHIBIT B

FORM OF FINANCIAL AGREEMENT