

**TOWN OF WEST NEW YORK
COUNTY OF HUDSON, STATE OF NEW JERSEY**

ORDINANCE # 8/20

AN ORDINANCE OF THE TOWN OF WEST NEW YORK, COUNTY OF HUDSON, NEW JERSEY APPROVING THE PILOT APPLICATION AND AUTHORIZING THE MAYOR AND MUNICIPAL CLERK PURSUANT TO N.J.S.A. 40A:20-1 ET SEQ. TO EXECUTE A FINANCIAL AGREEMENT BY AND BETWEEN THE TOWN OF WEST NEW YORK AND CULVER URBAN RENEWAL REDEVELOPMENT II, LLC FOR THE TO BE SUBDIVIDED PORTIONS OF PROPERTY LOCATED ON BLOCK 108, LOTS 8, 9 AND 25 AS SHOWN ON THE OFFICIAL TAX MAP OF THE TOWN OF WEST NEW YORK AND LOCATED IN A REDEVELOPMENT AREA

WHEREAS, On May 26, 2016, the Board of Commissioners of the Town of West New York (the “Town”) designated various properties located at 511-513 52nd Street and 508 51st Street, also known as Block 108, Lots 8, 9 and 25 as an area need of redevelopment (the “Redevelopment Area”) and adopted a redevelopment plan for Redevelopment Area on October 17, 2019 (the “Plan”), all pursuant to the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq. (the “Redevelopment Law”).

WHEREAS, the Town designated Culver Development Company (“CDC”) as the redeveloper for the Redevelopment Area and the Town and CDC’s affiliate, Culver Properties, LLC (“Culver”), entered into a Redevelopment Agreement dated _____, 2020 (as now or hereafter amended, the “Redevelopment Agreement”) for the redevelopment of the Redevelopment Area; and

WHEREAS, the subdivision of the Redevelopment Area into three lots by Culver is required as follows: (1) Block 108, portion of Lots 8, 9 and 25 consisting of approximately 15,190 square feet which fronts on 52nd Street (the “Phase 1 Property” or the “Property”), to be developed as a 14 story residential building approximately 158,000 square feet in size to be constructed on the Phase 1 Parcel by Redeveloper, currently anticipated to contain approximately 156 market residential units, including 1-bedroom units and 2-bedroom units, including building amenities such as a gym, rooftop seating and community room, together with related site improvements, generally as shown on the Concept Plan (subject to modification of the number of units and unit mix as may be permitted by the Redevelopment Agreement (the “Phase 1 Project” or the “Project”)); (2) Block 108, portion of Lots 8, 9 and 25 consisting of approximately 18,839 square feet which fronts on 51st Street (the “Phase 2 Property”) to be developed as a 14 story residential building approximately 158,000 square feet in size to be constructed on the Phase 1 Parcel by Redeveloper, currently anticipated to contain approximately 156 market residential units, including 1-bedroom units and 2-bedroom units, including building amenities such as a gym, rooftop seating and community room, together with related site improvements, generally as shown on the Concept Plan (subject to modification of the number of units and unit mix as may be permitted by the Redevelopment Agreement (hereinafter the “Phase 2 Project”)); and (3) Block 108, portion of Lots 8, 9 and 25 consisting of approximately 30,030 square feet which is located between the Phase 1 Property and the Phase 2 Property (the “Parking Deck Property”) to

be developed as a public parking deck containing approximately 495 parking spaces of grade plus six (6) supported levels (the "Parking Deck") and related site improvements to be constructed by the Redeveloper for the Town on the Parking Deck Parcel, generally as shown on the Concept Plan, and which will be owned and operated by the Town. The Parking Deck will contain approximately 495 spaces (hereinafter the "Parking Deck Project"). The Town has determined that the Phase 1 Project, the Phase 2 Project and the Parking Deck Project are consistent with, and in furtherance of the goals of, the Redevelopment Plan; and

WHEREAS, pursuant to the Redevelopment Agreement, Culver formed Culver Urban Renewal Redevelopment II, LLC (the "Entity"), as an urban renewal entity to acquire title to the Phase 2 Property and to implement the Phase 2 Project pursuant to the Redevelopment Agreement, and the Town acknowledges and agrees that the Entity has been assigned and assumed the rights and obligations of Culver as Redeveloper under the Redevelopment Agreement with respect to the Phase 2 Property and the Phase 2 Project as permitted by, and consented to by the Town in, the Redevelopment Agreement; 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 the Phase 1 Property, the Phase 2 Property and Phase 3 Property, as well as the and the Phase 1 Project, the Phase 2 Project and the Parking Deck Project; and

WHEREAS, pursuant to and in accordance with the provisions of the Long-Term Tax Exemption Law, constituting Chapter 431 of the Pamphlet Laws of 1991 of the State, and the acts amendatory thereof and supplement thereto (the "Long Term Tax Exemption Law", as codified in N.J.S.A. 40A:20-1 et seq.), the Town is authorized to provide for payment in lieu of taxes within a redevelopment area; and

WHEREAS, the Entity has represented to the Town that the Phase 2 Project would not be feasible in its intended scope but for the provision of financial assistance by the Town; and

WHEREAS, in order to improve the feasibility of the Phase 2 Project, the Entity made an application for a long-term tax exemption and financial agreement with respect to the Property (the "Application") pursuant to the Long-Term Tax Exemption Law, which Application is on file with the Municipal Clerk, and a copy of which is attached as Exhibit A hereto; and

WHEREAS, after review of the Application together with Town Attorney and redevelopment counsel, the Mayor recommended that the Application be approved; and

WHEREAS, the Redeveloper has agreed to implement the Phase 2 Project in accordance with the Redevelopment Plan and in connection therewith, the Redeveloper agreed to devote substantial funds to the completion of the Phase 2 Project; and

WHEREAS, in addition to the profit limitations, the nature of the Phase 2 Project entails an inherent profit limitation to the Entity through the extra costs, issues, and responsibilities associated with the Phase 2 Project that are not present outside of the redevelopment context,

including, but not limited to, the need for structured parking, and there is a need recognized by the Legislature to provide incentives to render implementation of redevelopment feasible; and

WHEREAS, in order to enhance the economic viability of and opportunity for a successful Phase 2 Project, the Town will enter into a financial agreement with the Entity governing payments made to the Town in lieu of real estate taxes on the Phase 2 Project pursuant to the Long-Term Tax Exemption Law; and

WHEREAS, the provisions of the Long-Term Tax Exemption Law authorize the Town to accept, in lieu of real property taxes, an Annual Service Charge (as defined in the financial agreement) to be paid by the Entity to the Town; and

WHEREAS, the Exemption Application requested a 30-year term for a financial agreement and an annual service charge based on 10% of annual gross revenues for the entire 30-year term; and

WHEREAS, pursuant to the Long-Term Tax Exemption Law, the Town 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 Town enter into a financial agreement for payment of an annual service charge for municipal services in lieu of taxes (the “Financial Agreement”) for the Project; and

WHEREAS, the Town 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 a Financial Agreement.

NOW, THEREFORE, BE IT ORDAINED AND ENACTED by the Board of Commissioners of the Town of West New York, County of Hudson, New Jersey, as follows:

Section 1. The Town acknowledges that Culver Urban Renewal Redevelopment II, LLC, by effectuating the redevelopment of the Phase 2 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 Town.

Section 2. The Town makes the following findings:

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

1. The Phase 2 Property currently generates \$0 in real estate tax revenue to the Town as the Property is tax exempt since it is owned by the Town and used as a municipal parking lot. The projected Annual Service Charge over the 30-year term will generate an average annual revenue to the Town of approximately \$400,000.00.

2. It is estimated that the Project will create jobs during construction and permanent jobs;

3. The Phase 1 Project and Phase 2 Project will generate a payment in lieu of parking to the Town in the amount of approximately \$7,000,290 (the "Payment in Lieu of Parking");

4. The Phase 2 Project will generate parking revenue that, together with the Payment in Lieu of Parking, will provide a needed source of funds for construction of the Parking Deck, replacing inefficient surface parking with a structured parking deck;

5. The Project will further the redevelopment objectives of the Redevelopment Plan for Redevelopment Area;

6. The redevelopment of the Redevelopment Area will greatly improve the surrounding neighborhood; and

6. The Town has determined that the benefits of the Project significantly outweigh the costs to the Town.

B. Assessment of the importance of the tax exemption defined 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 urban design and aesthetics as well as the use of high quality materials which will maintain the appearance of the building over the life of 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.

C. Based upon the above determinations by the Town and the provisions of N.J.S.A. 40A:20-12, this Agreement contains appropriate tax exemption provisions and an appropriate Annual Service Charge schedule.

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 at ten percent (10%) of annual gross revenues from the Project for the entire thirty (30) years of the term, all 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 Town by the Mayor in substantially the form attached hereto as Exhibit B. The Municipal 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 Town to the Financial Agreement.

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

Introduced: 2/19/2020
Adopt:

Notice

The foregoing Ordinance was adopted for first reading by the Mayor and Board of Commissioners of the Town of West New York, New Jersey, on **February 19, 2020** and ordered published, and will be further considered before final passage at a public hearing on **March 18, 2020 at 6:30 p.m.** at the Commission Chambers, Municipal Building, West New York, NJ. A copy of this Ordinance has been posted on the bulletin board upon which public notices are customarily posted on in the Town Hall of the Town of West New York, and a copy (at no charge) is available up to and including the time of such meeting to the members of the public of the Town who shall request such copies, at the Office of the Town Clerk in said Town Hall in West New York, N.J.

Carmela Riccio, RMC
Town Clerk