

## TOWN OF HACKETTSTOWN

ORD. 2022-04

**AN ORDINANCE OF THE TOWN OF HACKETTSTOWN, COUNTY OF  
WARREN, STATE OF NEW JERSEY, AUTHORIZING THE  
EXECUTION OF A LONG-TERM TAX EXEMPTION AGREEMENT,  
PURSUANT TO THE LONG-TERM TAX EXEMPTION LAW, N.J.S.A.  
40A:20-1 ET SEQ., WITH JADE HACKETTSTOWN ASSOCIATES  
URBAN RENEWAL LLC**

**WHEREAS**, the Town of Hackettstown (the “**Town**”) is authorized pursuant to the Local Redevelopment and Housing Law of the State of New Jersey, *N.J.S.A. 40A:12A-1 et seq.* (the “**Redevelopment Law**”), to determine whether certain parcels of land within the Town constitute an area in need of redevelopment; and

**WHEREAS**, pursuant to Redevelopment Law, on December 14, 1998, the Mayor and Council (the “**Governing Body**”), adopted Ordinance No. 98-ORD17, designating the properties identified on the official tax map of the Town as Block 38, Lots 2, 3, 3.01, 4 and 5; Block 34, Lot 5 (formerly Lots 3, 4, 5 and 7.01); Block 30, Lots 5-9; Block 21, Lots 18.01 and 18.02; Block 41, Lots 17, 21, 22, 23, 24 and 25; Block 41.02, Lots 17, 21, 22, 23, 24, 25, 2929.01, 30 and 32; and a portion of the Bergen Street right-of-way as part of an area in need of redevelopment and referred to as the “**Stiger Street Redevelopment Area**”; and

**WHEREAS**, on March 10, 2022 the Governing Body, by Ordinance No. 2022-02, adopted a redevelopment plan for the former Bergen Tool property located within the Stiger Street Redevelopment Area, which consists, in-part, of Lot 18.02 in Block 21 and a portion of the Bergen Street right-of-way (the “**Redevelopment Area**”), entitled the “**Bergen Tool Redevelopment Plan**” (the “**Redevelopment Plan**”); and

**WHEREAS**, the Governing Body has appointed Jade Hackettstown Associates Urban Renewal, LLC (“**Redeveloper**”) as the redeveloper of the Redevelopment Area; and

**WHEREAS**, to implement the development, financing, construction, operation and management of the Project as defined below, the Town entered into a redevelopment agreement with the Redeveloper dated March 10, 2022 (the “**Redevelopment Agreement**”), which Redevelopment Agreement specifies the rights and responsibilities of the Town and Redeveloper with respect to certain aspects of the Redevelopment Plan; and

**WHEREAS**, the Redevelopment Agreement provides for the subdivision of the Redevelopment Area into two (2) or more lots to create two (2) distinct project areas, to include a Mixed-Use Project Area and a Townhome Project Area (collectively, the “**Project**”); and

**WHEREAS**, the Mixed-Use Project Area will consist of an approximately 1,800 square ft. commercial retail pad site and a mixed-use building consisting of thirty-five (35) residential

dwelling units and approximately 9,000 square feet of retail or office building space located on the first floor; and

**WHEREAS**, in accordance with the Long-Term Tax Exemption Law, *N.J.S.A. 40A:20-1 et seq.* (the “**LTTEL**”), the Redeveloper has filed with the Mayor of the Town an application for approval of a long-term tax exemption (the “**Long-Term Tax Exemption**”) for the Mixed-Use Project Area, which application is incorporated herein by reference (the “**Application**”); and

**WHEREAS**, the Governing Body has determined that the Mixed-Use Project Area will qualify for a tax exemption under the LTTEL; and

**WHEREAS**, pursuant to and in accordance with the provisions of the Redevelopment Law and the LTTEL, the Town is authorized to provide for a tax exemption within a redevelopment area and for payments in lieu of taxes (“**PILOTs**”) in accordance with certain applicable provisions of the LTTEL; and

**WHEREAS**, the Governing Body has made the following findings:

**A. Benefits of Project vs. Costs.**

- i. The development and construction of the Mixed-Use Project Area as set forth in the Redevelopment Agreement and Redevelopment Plan will be beneficial to the overall community; will achieve the goals and objectives of the Redevelopment Plan; will help revitalize the Redevelopment Area; will improve the quality of life for the community; will serve as a catalyst for further private investment in areas surrounding the Mixed-Use Project Area and will enhance the economic development of the Town.
- ii. It is anticipated that the development of the Mixed-Use Project Area will create approximately 50-75 construction jobs over the duration of the construction, as well as 10-15 full-time permanent jobs in connection with the Mixed-Use Project Area.
- iii. In 2021, the Property generated \$73,523.98, of which, approximately one-third, \$24,507.99, can be attributed to the Mixed-Use Project Area. The Town received approximately 22% share of the tax revenue generated from the Project Area. Conversely, pursuant to this Financial Agreement, the Town will receive 95% of the Annual Service Charge paid by the Redeveloper. Accordingly, the Mixed-Use Project Area, once fully leased, is projected to generate, over the term of this Financial Agreement, a net municipal benefit of \$568,591.00 over the ad valorem tax the Town would expect to receive through uniform taxation of the Mixed-Use Project Area.

**B. Importance of Long-Term Tax Exemption.**

- i. The relative stability and predictability of the Annual Service Charge is a critical component to the ongoing viability of the operation of the Mixed-Use Project Area.

By extension, the ability of the Entity to attract the necessary debt and equity to undertake and finance the Mixed-Use Project Area relies upon the ability to achieve financial stabilization; and

- ii. The construction of the Mixed-Use Project Area will require significant capital investment and is estimated to cost approximately \$11,785,384.00. Without relief from the obligation to pay full real estate taxes, the project cannot achieve financial stabilization.

**WHEREAS**, despite the Redeveloper's investment of equity and borrowed funds, such amounts are insufficient to pay for all of the costs associated with the Mixed-Use Project Area; 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 paid by the Redeveloper to the Town; and

**WHEREAS**, the Redeveloper has agreed to make payment of the Annual Service Charge and Administrative Fee to the Town; and

**WHEREAS**, the Mixed-Use Project Area will conform to all applicable municipal zoning ordinances as amended by the Redevelopment Plan and will be in conformance with the master plan of the Town; and

**WHEREAS**, in order to enhance the economic viability of and opportunity for a successful project, the Town seeks to enter into the Financial Agreement, in the form attached hereto as Exhibit A, which shall govern the terms of the tax exemption for the Mixed-Use Project Area and the Annual Service Charge to be paid to the Town in lieu of conventional taxation; and

**WHEREAS**, the Governing Body has determined that the Mixed-Use Project Area represents an undertaking permitted by the LTTEL and has further determined that the improvements are made for the purposes of clearance, replanning, development or redevelopment of an area in need of redevelopment within the Town, as authorized by the LTTEL.

**NOW, THEREFORE, BE IT RESOLVED** by the Council of the Town of Hackettstown, County of Warren, and State of New Jersey, as follows:

1. An exemption from taxation as set forth in the Application is hereby granted to the Redeveloper, with respect to the Mixed-Use Project Area located within the Redevelopment Area, on the terms set forth in the Financial Agreement. The land underlying the Mixed-Use Project Area shall also be exempt from Land Taxes (as defined in the Financial Agreement); provided that in no event shall the tax exemption exceed the earlier of thirty-five (35) years from the date of execution of the Financial Agreement or (ii) to the extent permitted by *N.J.S.A. 40A:20-12*, thirty (30) years from the Redeveloper's receipt of a Certificate of Occupancy for the

Mixed-Use Project Area and only so long as the Redeveloper remains subject to and complies with the Financial Agreement and the LTTEL and any other agreement related to the Mixed-Use Project Area; and provided further, that in no event shall the Annual Service Charge, for every year the property tax exemption is in effect, be less than the total taxes levied against the Mixed-Use Project Area, as provided for the Financial Agreement, in the last full tax year it was subject to taxation.

2. The Mayor and Town Clerk are hereby authorized to execute, on behalf of the Town, the Financial Agreement in substantially the form annexed hereto as Exhibit "A", and any other agreements or documents necessary to effectuate this ordinance and the Financial Agreement.

3. The executed copy of the Financial Agreement and this ordinance shall be certified by the Town Clerk and filed with the Tax Assessor for the Town and the Director of the Division of Local Government Services.

4. The Project shall conform to all federal and state law and ordinances and regulations of the Town relating to its construction and use, including the Redevelopment Plan.

5. The Redeveloper shall comply with all laws so that no person because of race, religious principles, color, national origin or ancestry, will be subject to discrimination.

6. The Redeveloper shall, from the time the Annual Service Charge becomes effective, pay the Annual Service Charge as set forth in the Financial Agreement.

7. This ordinance shall take effect in accordance with all applicable laws.

### **NOTICE**

Notice is hereby given that the aforesaid ordinance was introduced at a regular meeting of the Common Council of the Town of Hackettstown, New Jersey, held on March 10, 2022, and that at a regular meeting of the same to be held on May 12, 2022 at the Municipal Building, 215 Stiger Street, Hackettstown, New Jersey, at the hour of 7:00 p.m., the said Common Council will conduct a public hearing and will consider the final passage of said ordinance.

WILLIAM W. KUSTER, JR.  
Town Clerk/Administrator

***Exhibit A***  
**Financial Agreement**

**ORD 2022-04**

**AN ORDINANCE OF THE TOWN OF HACKETTSTOWN, COUNTY OF WARREN, STATE OF NEW JERSEY, AUTHORIZING THE EXECUTION OF A LONG-TERM TAX EXEMPTION AGREEMENT, PURSUANT TO THE LONG-TERM TAX EXEMPTION LAW, N.J.S.A. 40A:20-1 ET SEQ., WITH JADE HACKETTSTOWN ASSOCIATES URBAN RENEWAL LLC** was the subject of a public hearing and was duly considered at a meeting of the Common Council of the Town of Hackettstown held on May 12, 2022 at the Municipal Building, 215 Stiger Street, Hackettstown, New Jersey, and said Ordinance was thereupon adopted upon final passage.



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WILLIAM W. KUSTER, JR.  
Town Clerk/Administrator



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GERALD DIMAIO, JR.  
Mayor

The above Ordinance is approved this  
12<sup>th</sup> day of May, 2022