

**ORDINANCE OF THE CITY OF LAMBERTVILLE,
COUNTY OF HUNTERDON, NEW JERSEY APPROVING
THE APPLICATION FOR A LONG TERM TAX
EXEMPTION AND AUTHORIZING THE EXECUTION OF
A FINANCIAL AGREEMENT WITH LAMBERTVILLE
URBAN RENEWAL, LLC, AN AFFILIATE OF KALIAN
MANAGEMENT, LLC**

WHEREAS, the Local Redevelopment and Housing Law, *N.J.S.A. 40A:12A-1 et seq.*, as amended from time to time (the “**Redevelopment Law**”), provides a process for municipalities to participate in the redevelopment and improvement of areas in need of redevelopment and/or rehabilitation; and

WHEREAS, on July 23, 2020, by Resolution No. 95-2020, the Governing Body (the “**Governing Body**”) of the City, pursuant to and in accordance with the requirements of the Local Redevelopment and Housing Law, *N.J.S.A. 40A:12A-1, et seq.* (the “**Redevelopment Law**”), designated the properties identified on the tax map of the City as Block 1003, Lot 3, as a Non-Condemnation Area In Need Of Redevelopment (the “**Redevelopment Area**”); and

WHEREAS, on December 17, 2020, the Governing Body adopted Ordinance 18-2020 enacting a redevelopment plan for the Redevelopment Area entitled the *Police Station Tract Redevelopment Plan* (the “**Redevelopment Plan**”); and

WHEREAS, Lambertville Urban Renewal, LLC, an affiliate of Kalian Management, LLC (the “**Redeveloper**”) is the contract purchaser of the Redevelopment Area, identified as Block 1003, Lot 3 on the official tax map of the City (hereinafter, the “**Property**”); and

WHEREAS, in order to implement the development, financing, construction, operation and management of the Project as defined below, the City entered into a redevelopment agreement with the Redeveloper dated December __, 2021 (the “**Redevelopment Agreement**”), which Redevelopment Agreement specifies the rights and responsibilities of the City and Redeveloper with respect to certain aspects of the Project (as hereinafter defined); and

WHEREAS, the Redevelopment Agreement sets forth the terms and conditions by which the Redeveloper will purchase and thereafter redevelop the Property with a four (4) story residential building containing twenty-seven (27) residential units, five (5) of which shall be affordable housing units as well as certain other on-site improvements, including forty-six (46) parking spaces (collectively, together with any improvements and any other actions described in the Redevelopment Agreement related to such development, the “**Project**”); and

WHEREAS, the Redeveloper made an application to the Governing Body (the “**Application**”) for a long-term tax exemption pursuant to the Long Term Tax Exemption Law, *N.J.S.A. 40A:20-1, et seq.* (the “**Long Term Tax Exemption Law**”); and

WHEREAS, pursuant to and in accordance with the provisions of the Redevelopment Law and the Long Term Tax Exemption Law, the City 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 Long Term Tax Exemption Law; and

WHEREAS, the Governing Body has made the following findings:

A. Benefits of Project v. Costs.

i. The development and construction of the Project 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 Property; will improve the quality of life for the community; will serve as a catalyst for further private investment in areas surrounding the Property and will enhance the economic development of the City.

ii. It is anticipated that the development of the Project will create approximately 80-100 construction jobs over the duration of the construction of the Project, as well as 1-2 full-time permanent jobs in connection with the Project.

iii. In 2021, the Property, which was municipally owned and therefore tax exempt, generated \$0 in total real estate taxes to all government units. Pursuant to this Financial Agreement, the Project is projected to generate municipal revenue of approximately \$64,886.00 in the first year and approximately \$4,532,457.00 over the term of this Agreement. The City has determined that the benefits to the City accruing as a result of the Project, including the revitalization of the Redevelopment Area, and the generation of jobs as described above, will substantially outweigh any costs to the City resulting from the long term tax exemption granted herein.

B. Importance of Long Term Tax Exemption.

The Governing Body’s approval of the Long Term Tax Exemption set forth herein is essential to the success of this Project because:

i. The relative stability and predictability of the Annual Service Charge (as defined herein) associated with the Project will make it more attractive to financial institutions whose participation is necessary in order to finance the Project.

ii. The relative stability and predictability of the Annual Service Charge will allow the Redeveloper to offer competitive market rents while providing a high level of maintenance for the Project.

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 Project; and

WHEREAS, the provisions of the Long Term Tax Exemption Law authorize the City to accept, in lieu of real property taxes, an Annual Service Charge (as hereinafter defined) paid by the Redeveloper to the City; and

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

WHEREAS, the Project 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 City; and

WHEREAS, in order to enhance the economic viability of and opportunity for a successful project, the City 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 Project and the Annual Service Charge to be paid to the City in lieu of conventional taxation; and

WHEREAS, the Governing Body has determined that the Project represents an undertaking permitted by the Long Term Tax Exemption Law, and has further determined that these are an improvement made for the purposes of clearance, replanning, development or redevelopment of an area in need of redevelopment within the City, as authorized by the Long Term Tax Exemption Law; and

WHEREAS, the Mayor has submitted the Application and Financial Agreement to the Governing Body with her recommendation for approval (the “**Mayor’s Recommendation**”), a copy of which recommendation is on file with the City Clerk.

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF LAMBERTVILLE, 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 Project at the Property for the term set forth in the Financial Agreement. The land underlying the Project 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 (i) 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 Project and only so long as the Redeveloper remains subject to and complies with the Financial Agreement and the Long Term Tax Exemption Law and any other agreement related to the Project or the Property; 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 Property in the last full tax year it was subject to taxation.

2. The Mayor, in consultation with counsel to the City, is hereby authorized to execute and/or amend, modify or make such necessary changes to the Application, the Mayor’s Recommendation, the Financial Agreement 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 City Clerk and filed with the Tax Assessor for the City 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 City 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. The following occurrences are express conditions to the grant of this tax exemption, to be performed by the Redeveloper:

(a) The Redeveloper shall not, without prior consent of the City as set forth in the Financial Agreement, convey, mortgage or transfer all or any part of the Project which would sever, disconnect or divide the improvements being tax exempted under the Financial Agreement from the land underlying the exempted improvements.

(b) The Redeveloper shall complete the Project within the timeframes set forth in the Redevelopment Agreement.

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

EXHIBIT A

Financial Agreement