

City Clerk File No. Ord. 13-058

Agenda No. 3.J 1st Reading

Agenda No. 4.I. 2nd Reading & Final Passage



ORDINANCE OF JERSEY CITY, N.J.

COUNCIL AS A WHOLE
offered and moved adoption of the following ordinance:

CITY ORDINANCE 13-058

TITLEORDINANCE APPROVING A 12 YEAR TAX EXEMPTION FOR A MARKET RATE RESIDENTIAL RENTAL PROJECT TO BE CONSTRUCTED BY LAIDLAW PROPERTIES URBAN RENEWAL, LLC, AN URBAN RENEWAL ENTITY, PURSUANT TO THE LONG TERM TAX EXEMPTION LAW N.J.S.A. 40A:20-1 ET SEQ.

THE MUNICIPAL COUNCIL OF THE CITY OF JERSEY CITY DOES ORDAIN:

WHEREAS, Laidlaw Properties Urban Renewal, LLC, is an urban renewal entity, formed and qualified to do business under the provisions of the Long Term Tax Exemption Law of 1992, as amended and supplemented, N.J.S.A. 40A:20-1 et seq. [Entity]; and

WHEREAS, the Entity owns two (2) existing commercial/industrial structures on certain property known as Block 5901, Lot 1 (f/k/a Block 702, Lots 32, T.1 and V), on the City's Official Tax map, consisting of approximately .9 acres, and more commonly known by the street address of 66 Laidlaw Avenue and also known as 136-138 Oakland Avenue, and more specifically described by metes and bounds, in the application [Property]; and

WHEREAS, the Property is located within an Urban Enterprise Zone as required by N.J.S.A. 40A:20-4 and N.J.S.A. 40A:12A-5(g); and

WHEREAS, by adoption of Ordinance 05-012 on February 23, 2005, the City of Jersey City [City] approved a 20 year long term tax exemption for 78 residential condominium units with a service charge equal to sixteen percent (16%) of annual gross revenue formula with a term of twenty (20) years; and

WHEREAS, Laidlaw Properties Urban Renewal, LLC, then advised that despite making good faith efforts, due to the economic turndown in the real estate market, it was never able to secure financing for a residential condominium project at that location in order to proceed with the project; and gave the City notice that the Entity was not able to commence the project due to difficulties it had financing, and thus was abandoning the project; and

WHEREAS, by the adoption of Ordinance 09-005 on January 28, 2009, the City rescinded Ordinance 05-012 approving the tax exemption for Laidlaw Properties Urban Renewal, LLC, and the City of Jersey City; and

WHEREAS, on March 26, 2013, the Entity applied for a new 12 year long term tax exemption, a copy of which is on file in the office of the City Clerk, to renovate the buildings, add 2 and 3 stories, and construct approximately ninety-five (95) market rate residential rental units and approximately one hundred three (103) on site parking spaces located on the Property [Project]; and

WHEREAS, the Project received site plan approval from the Planning Board on February 16, 2012; and

WHEREAS, Laidlaw Properties Urban Renewal, LLC, has agreed to:

1. pay the greater of (i) the Minimum Annual Service Charge, as defined in the agreement as on less than the estimated Annual Service Charge, or (ii) 10% of Annual Gross Revenue for years 1-6, which sum is estimated to be approximately \$138,728; and 12% of Annual Gross Revenue for years 7-12; and which shall be subject to statutory staged increases over the term of the tax exemption; and
2. pay an annual sum equal to 2% of each prior year's Annual Service Charge as an Administrative Fee; and

3. provide employment and other economic opportunities for City residents and businesses; and
4. pay to the City, for remittance to Hudson County, an amount equal to 5% of the Annual Service Charge upon receipt of that charge; and
5. pay the sum of \$142,500 to the City's Affordable Housing Trust Fund; and

WHEREAS, the City hereby determines that the relative benefits of the project outweigh the cost of the tax exemption, for the following reasons:

1. the current real estate taxes generate revenue of only \$66,824, of which only \$22,491 is allocated to the land, whereas, the Annual Service Charge as estimated, will initially generate revenue of more than \$138,728 to the City;
2. it is expected that the Project will create approximately 50 jobs during construction and 2 new permanent jobs;
3. the Project will stabilize and contribute to the economic growth of businesses in the surrounding area;
4. the Project will further the overall redevelopment objectives of the Jersey City Master Plan;
5. the City's impact analysis, on file with the Office of the City Clerk, indicates that the benefits of the Project outweigh the costs to the City; and

WHEREAS, the City hereby determines that the tax exemption is important to the development of the project and will influence the locational decisions of probable occupants for the following reasons:

1. the relative stability and predictability of the Annual Service Charges will make the Project more attractive to investors needed to finance the Project;
2. the relative stability and predictability of the Annual Service Charges will allow the owner to stabilize its operating budget, allowing a high level of maintenance to the building over the life of the Project, which will attract tenants to the Project and insure the likelihood of the success of the Project; and

WHEREAS, Laidlaw Properties Urban Renewal, LLC, has initially complied with Executive Order 2002-005 concerning "Disclosure of Lobbyist Representative Status" by filing an appropriate letter in the Office of the City Clerk; and

WHEREAS, this Ordinance will sunset and the Tax Exemption will terminate unless construction of the Project begins before May 24, 2015; and

WHEREAS, on April 16, 2013, the Tax Exemption Committee recommended the approval of the tax exemption to the Mayor by an unanimous vote.

NOW, THEREFORE, BE IT ORDAINED by the Municipal Council of the City of Jersey City that:

A. The application of Laidlaw Properties Urban Renewal, LLC, an urban renewal company, formed and qualified to do business under the provisions of the Long Term Tax Exemption Law of 1992, as amended and supplemented, N.J.S.A. 40A:20-1 et seq. a copy of which is on file in the office of the City Clerk, for Block 5901, Lot 1 (f/k/a Block 702, Lots 32, T.1 and V), more commonly known by the street address of 66 Laidlaw Avenue and also known as 136-138 Oakland Avenue, and more specifically described by metes and bounds in the application, is hereby approved.

B. The Mayor or Business Administrator is hereby authorized to execute a tax exemption Financial Agreement and a Project Employment and Contracting Agreement. The Financial Agreement shall include at a minimum the following terms and conditions:

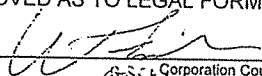
1. Term: the earlier of 14 years from the adoption of the within Ordinance or 12 years from the date the project is Substantially Complete;
2. Annual Service Charge: each year the greater of:
 - (a) the Minimum Annual Service Charge equal to \$138,728 upon Project Completion, whether or not the Project is occupied; or

- (b) 10% of Annual Gross Revenue for years 1 through 6, which sum is estimated to be \$138,728; and 12% of Annual Gross Revenue for years 7 through 12, and which shall be subject to statutory increases during the term of the tax exemption.
3. Administrative Fee: 2% of the prior year's Annual Service Charge;
 4. County Payment: 5% of the Annual Service Charge to the City for remittance by the City to Hudson County;
 5. Project: renovate and expand an existing industrial commercial building with approximately ninety-five (95) market rate residential rental units and approximately one hundred three (103) on site parking spaces;
 6. Affordable Housing Trust Fund: \$1,500 per unit x 95 units, or \$142,500;
 7. An obligation to execute a Project Employment and Contracting Agreement to insure employment and other economic benefits to City residents and businesses;
 8. This Ordinance will sunset and the Tax Exemption will terminate unless construction of the Project begins before May 24, 2015.
- C. The City Clerk shall deliver a certified copy of the Ordinance and Financial Agreement to the Tax Assessor and Director of the Division of Local Government Services.
- D. The application is on file with the office of the City Clerk. The Financial Agreement and Project Employment and Contracting Agreement shall be in substantially the form on file in the Office of the City Clerk, subject to such modification as the Business Administrator or Corporation Counsel deems appropriate or necessary.
- E. All ordinances and parts of ordinances inconsistent herewith are hereby repealed.
- F. This ordinance shall be part of the Jersey City Code as though codified and fully set forth therein. The City Clerk shall have this ordinance codified and incorporated in the official copies of the Jersey City Code.
- G. This ordinance shall take effect at the time and in the manner provided by law.
- H. The City Clerk and Corporation Counsel be and are hereby authorized and directed to change any chapter numbers, article numbers and section numbers in the event that the codification of this ordinance reveals that there is a conflict between those numbers and the existing code, in order to avoid confusion and possible accidental repealers of existing provisions.

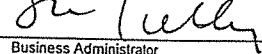
NOTE: All material is new; therefore underlining has been omitted. For purposes of advertising only, new matter is indicated by bold face and repealed matter by *italic*.

JM/he
4/18/13

APPROVED AS TO LEGAL FORM


Corporation Counsel

APPROVED: 

APPROVED: 
Business Administrator

Certification Required ☐

Not Required ☐

Ordinance of the City of Jersey City, N.J.

ORDINANCE NO. Ord. 13-058

TITLE: 3.F. APR 24 2013 4.1. MAY 08 2013



Ordinance approving a 12 year tax exemption for a market rate residential rental project to be constructed by Laidlaw Properties Urban Renewal, L.L.C., an urban renewal entity, pursuant to the Long Term Tax Exemption Law N.J.S.A. 40A:20-1 et seq.

RECORD OF COUNCIL VOTE ON INTRODUCTION APR 24 2013 8-0											
COUNCILPERSON	AYE	NAY	N.V.	COUNCILPERSON	AYE	NAY	N.V.	COUNCILPERSON	AYE	NAY	N.V.
SOTTOLANO	✓			GAUGHAN	✓			BRENNAN	✓		
DONNELLY	✓			FULOP	✓			LAVARRO	✓		
LOPEZ	✓			RICHARDSON	ABSENT			COLEMAN	✓		

✓ Indicates Vote

N.V.-Not Voting (Abstain)

RECORD OF COUNCIL VOTE TO CLOSE PUBLIC HEARING MAY 08 2013 8-0											
Councilperson <u>BRENNAN</u> moved, seconded by Councilperson <u>COLEMAN</u> to close PH.											
COUNCILPERSON	AYE	NAY	N.V.	COUNCILPERSON	AYE	NAY	N.V.	COUNCILPERSON	AYE	NAY	N.V.
SOTTOLANO	✓			GAUGHAN	ABSENT			BRENNAN	✓		
DONNELLY	✓			FULOP	✓			LAVARRO	✓		
LOPEZ	✓			RICHARDSON	✓			COLEMAN	✓		

✓ Indicates Vote

JAYSON BURG

N.V.-Not Voting (Abstain)

RECORD OF COUNCIL VOTE ON AMENDMENTS, IF ANY											
Councilperson _____ moved to amend* Ordinance, seconded by Councilperson _____ & adopted											
COUNCILPERSON	AYE	NAY	N.V.	COUNCILPERSON	AYE	NAY	N.V.	COUNCILPERSON	AYE	NAY	N.V.
SOTTOLANO				GAUGHAN				BRENNAN			
DONNELLY				FULOP				LAVARRO			
LOPEZ				RICHARDSON				COLEMAN			

✓ Indicates Vote

N.V.-Not Voting (Abstain)

RECORD OF FINAL COUNCIL VOTE MAY 08 2013 8-0											
COUNCILPERSON	AYE	NAY	N.V.	COUNCILPERSON	AYE	NAY	N.V.	COUNCILPERSON	AYE	NAY	N.V.
SOTTOLANO	✓			GAUGHAN	ABSENT			BRENNAN	✓		
DONNELLY	✓			FULOP	✓			LAVARRO	✓		
LOPEZ	✓			RICHARDSON	✓			COLEMAN	✓		

✓ Indicates Vote

N.V.-Not Voting (Abstain)

Adopted on first reading of the Council of Jersey City, N.J. on APR 24 2013

Adopted on second and final reading after hearing on MAY 08 2013

This is to certify that the foregoing Ordinance was adopted by the Municipal Council at its meeting on MAY 08 2013

Robert Byrge
Robert Byrge, City Clerk

APPROVED:

Peter M. Brennan
Peter M. Brennan, Council President

*Amendment(s):

Date: MAY 08 2013

APPROVED:

Jerramiah T. Healy
Jerramiah T. Healy, Mayor

Date MAY 13 2013

Date to Mayor MAY 09 2013