

City Clerk File No. Ord. 16.105

Agenda No. 3.B 1st Reading

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



ORDINANCE OF JERSEY CITY, N.J.

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

CITY ORDINANCE 16.105

TITLE: ORDINANCE APPROVING A 30 YEAR TAX EXEMPTION FOR A MIXED USE MARKET RATE RENTAL PROJECT TO BE CONSTRUCTED BY HC WEST CAMPUS URBAN RENEWAL II, 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, HC West Campus Urban Renewal II, 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 is the Lessee of certain property under a Ground Lease dated September 25, 2015, designated as Block 21902.02, Lot 4, located on NJCU West Campus, south of Carbon Place between Route 440 and West Side Avenue, on the City's Official Tax map, consisting of approximately 1.36 acres which will be known by the street address of 26 University Place Boulevard, and more specifically described by metes and bounds, in the application (Property); and

WHEREAS, the Property is located within the NJCU West Campus Redevelopment Plan Area, as required by N.J.S.A. 40A:20-4 and N.J.S.A. 40A:12A-5(g); and

WHEREAS, the Project received site plan approval from the Planning Board on October 20, 2015 to construct a mixed use market rate rental project to consist of a five (5) story building with approximately one hundred and sixty-seven (167) units; 11,472 square feet of commercial/retail space; and approximately one-hundred sixty-seven (167) parking spaces for retail and residential tenants (Project); and

WHEREAS, by application dated March 23, 2016, as revised and finalized on June 1, 2016, the Entity applied for a 30 year Long Term Tax Exemption; and

WHEREAS, HC West Campus Urban Renewal II, LLC, has agreed to:

1. pay the greater of (i) the Minimum Annual Service Charge or (ii) 11% of the Annual Gross Revenue, which sum is initially estimated to be \$551,511; 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 initially estimated at \$11,030; 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 additional amount equal to 5% of the Annual Service Charge estimated to be \$27,576; and
5. pay the sum of \$342,858 to the City's Affordable Housing Trust Fund;

6. execute a Project Employment & Contracting Agreement; execute a Project Labor Agreement pursuant to Section 304-33 of the Jersey City Municipal Code, and comply with the Living Wage Ordinance, Section 3-76 of the Jersey City Municipal Code; 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 City's Tax Assessor estimates that the property will generate a land tax of only \$84,786, whereas, the Annual Service charge as estimated, will generate revenue to the City of at least \$551,511 upon Substantial Completion;
2. the Project will create approximately 125 jobs during construction and 30 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 NJCU West Campus Redevelopment Plan Area;
5. the City's impact analysis, on file with the Office of the City Clerk, indicates that the benefits of the Project will outweigh the costs to the City; and

WHEREAS, the City hereby determines that the tax exemption is important in obtaining development of the project and influencing the locational decisions of probable occupants for the following reasons:

1. the relative stability and predictability of the Annual Service Charge will make the Project more attractive to investors needed to finance the Project;
2. the relative stability and predictability of the Annual Service Charge 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, HC West Campus Urban Renewal II, LLC, has initially complied with Executive Order 2002-005 concerning "Disclosure of Lobbyist Representative Status" by filing appropriate letters of its lobbyists in the Office of the City Clerk; and

WHEREAS, HC West Campus Urban Renewal II, LLC, has agreed to execute a Project Employment & Contracting Agreement, and a Project Labor Agreement, and also to comply with the requirements of Section 3-76 of the Jersey City Municipal Code concerning required Wage, Benefit and Leave standards for building service workers.

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

A. The March 23, 2016, as revised and finalized on June 1, 2016, application of HC West Campus Urban Renewal II, 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, property designated as Block 21902.02, Lot 4, located on NJCU West Campus, south of Carbon Place between Route 440 and West Side Avenue, on the City's Official Tax map, consisting of approximately 1.36 acres, and which will be known by the street address of 26 University Place Boulevard, 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. The Financial Agreement shall include at a minimum the following terms and conditions:

1. Term: the earlier of 35 years from the adoption of the within Ordinance or 30 years from the date the project is Substantially Complete;
2. Annual Service Charge: each year the greater of:
 - (a) the Minimum Annual Service Charge is \$84,786, but will be \$551,511 upon Substantial Completion, whether or not the Project is occupied; or
 - (b) 11% of the Annual Gross Revenue, which initial sum is estimated to be \$551,511, 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 estimated to be \$11,030;
4. County Payment: 5% of the Annual Service Charge to the City for remittance by the City to Hudson County estimated to be \$27,576;
5. Project: A mixed use market rate rental project to consist of a five (5) story building with approximately one hundred and sixty-seven (167) units; 11,472 square feet of commercial/retail space; and approximately one-hundred sixty-seven (167) parking spaces for retail and residential tenants;
6. Affordable Housing Trust Fund: \$1,500 per unit or \$250,500; and \$1.50 per square foot x 61,572 square feet of commercial/retail and parking space; for a total of \$342,858. Such funds will be accelerated and are non-refundable and may not be transferred in the event of a termination or expiration of the Financial Agreement;
7. Staged Adjustments:
 - (a) Stage One: years 1-9, Annual Service Charge shall be 11% of Annual Gross Revenue;
 - (b) Stage Two: years 10-13, Annual Service Charge or 20% of the amount of the taxes otherwise due;
 - (c) Stage Three: years 14-17, Annual Service Charge or 40% of the amount of the taxes otherwise due;
 - (d) Stage Four: years 18-21, Annual Service Charge or 60% of the amount of the taxes otherwise due;
 - (e) Final Stage: Beginning on the 1st day of the 22nd year through the date the tax exemption expires, an amount equal to the greater of the Annual Service Charge or 80% of the amount of the taxes otherwise due.
8. Project Employment & Contracting Agreement: an obligation to execute a Project Employment and Contracting Agreement to insure employment and other economic benefits to City residents and businesses;
9. Project Labor Agreement: an obligation to execute a Project Labor Agreement pursuant to Section 304-37(3) of the Municipal Code.
10. Compliance with the Living Wage Ordinance, Section 3-76 of the Jersey City Municipal Code for any building service workers serving the Project.
11. The Affordable Housing Trust Fund contribution: payments shall be due on execution of the Financial Agreement, but in no event later than 30 days from the date of the adoption of the within ordinance. If the Financial Agreement is not executed for any reason whatsoever, interest shall accrue on such payments as of the 31st day at the highest rate permitted for unpaid real estate taxes.

12. This Ordinance will sunset and the Tax Exemption will terminate unless construction of the Project: 1) commences no later than two (2) years from the date the within ordinance is adopted; and 2) is Substantially Complete no later than five (5) years from the date of adoption of the within Ordinance.

C. The City Clerk shall deliver a certified copy of the Ordinance and Financial Agreement to the Chief Financial Officer of the county and to the County Counsel, for information purposes, within ten (10) calendar days following the later of the effective date of an ordinance following its final adoption by the governing body approving the tax exemption or the execution of the financial agreement by the urban renewal entity.

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 they 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*.

APPROVED AS TO LEGAL FORM

Corporation Counsel

Certification Required ☐
Not Required ☐

APPROVED: _____

APPROVED: _____

Business Administrator

ORDINANCE FACT SHEET – NON-CONTRACTUAL

This summary sheet is to be attached to the front of any Ordinance that is submitted for Council consideration. Incomplete or vague fact sheets will be returned with the Ordinance.

Full Title of Ordinance

An Ordinance to Approve A Thirty Year Tax Exemption for a Market Rate Mixed-Use Rental Project to be constructed by HC West Campus II Urban Renewal, LLC, An Urban Renewal Entity pursuant to the Long term Tax Exemption Law N.J.S.A. 40A:20-1 et. seq. Designated as Block 21902.02 Lot 4 on the City's Tax Map and known as 26 University Place Blvd.

Initiator

Department/Division	Office of the Mayor	Office of the Deputy Mayor
Name/Title	Marcos D. Vigil	Deputy Mayor
Phone/email	201-547-6542	mvigil@jcnj.org

Note: Initiator must be available by phone during agenda meeting (Wednesday prior to council meeting @ 4:00 p.m.)

Ordinance Purpose

The applicant, HC West Campus Urban Renewal I, LLC, is applying for a thirty (30) year tax abatement under N.J.S.A. 40A:20-1 et seq. It will be new construction of a five (5) story mixed-use, market rate rental project within the NJCU West Campus Redevelopment Plan.

The application fee of \$9,500 was paid. The Fiscal Impact Cost Projection shows positive revenue to cost.

The proposed project will be a five (5) story mixed-use, market rate rental project. The building will contain approximately one hundred and sixty-seven (167) dwelling units, 11,472 square feet of commercial/retail space. There will be one hundred and sixty-seven (167) parking spaces.

I certify that all the facts presented herein are accurate.

Marcos D. Vigil
Deputy Mayor

Date

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



ORDINANCE NO. Ord. 16.105
TITLE: 3.B JUN 29 2016 4.B

JUL 13 2016

Ordinance approving a 30 year tax exemption for a mixed use market rate rental project to be constructed by HC West Campus Urban Renewal II, LLC, 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 JUN 29 2016 7-1											
COUNCILPERSON	AYE	NAY	N.V.	COUNCILPERSON	AYE	NAY	N.V.	COUNCILPERSON	AYE	NAY	N.V.
GAJEWSKI	✓			YUN	✓			RIVERA	ABSENT		
HALLANAN	✓			OSBORNE		✓		WATTERMAN	✓		
BOGGIANO	✓			COLEMAN	✓			LAVARRO, PRES.	✓		

RECORD OF COUNCIL VOTE TO CLOSE PUBLIC HEARING JUL 13 2016 8-0											
Councilperson <u>WATTERMAN</u> moved, seconded by Councilperson <u>LAVARRO</u> to close P.H.											
COUNCILPERSON	AYE	NAY	N.V.	COUNCILPERSON	AYE	NAY	N.V.	COUNCILPERSON	AYE	NAY	N.V.
GAJEWSKI	✓			YUN	✓			RIVERA	✓		
HALLANAN	✓			OSBORNE	✓			WATTERMAN	✓		
BOGGIANO	✓			COLEMAN	ABSENT			LAVARRO, PRES.	✓		

✓ Indicates Vote

N.V.--Not Voting (Abstain)

SPEAKERS:

DAN SICARDI
JAMES BURKE

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.
GAJEWSKI				YUN				RIVERA			
HALLANAN				OSBORNE				WATTERMAN			
BOGGIANO				COLEMAN				LAVARRO, PRES.			

RECORD OF FINAL COUNCIL VOTE JUL 13 2016 8-0											
COUNCILPERSON	AYE	NAY	N.V.	COUNCILPERSON	AYE	NAY	N.V.	COUNCILPERSON	AYE	NAY	N.V.
GAJEWSKI	✓			YUN	✓			RIVERA	✓		
HALLANAN	✓			OSBORNE	✓			WATTERMAN	✓		
BOGGIANO	✓			COLEMAN	ABSENT			LAVARRO, PRES.	✓		

✓ Indicates Vote

N.V.--Not Voting (Abstain)

Adopted on first reading of the Council of Jersey City, N.J. on **JUN 29 2016**
Adopted on second and final reading after hearing on **JUL 13 2016**

This is to certify that the foregoing Ordinance was adopted by the Municipal Council at its meeting on **JUL 13 2016**

Robert Byrne, City Clerk

*Amendment(s):

APPROVED:
Rolando R. Lavarro, Jr., Council President
Date **JUL 13 2016**

APPROVED:
Steven M. Fulop, Mayor
Date **JUL 19 2016**
Date to Mayor **JUL 13 2016**