

ORDINANCE 2022:1523

**AN ORDINANCE OF THE BOROUGH OF HADDON HEIGHTS ESTABLISHING
A PROGRAM PURSUANT TO N.J.S.A. 40A:21-1 *ET SEQ.*
FOR CERTAIN EXEMPTIONS TO AND ABATEMENTS OF
REAL PROPERTY TAXES IN AREAS IN NEED OF
REHABILITATION OR REDEVELOPMENT**

WHEREAS, pursuant to N.J.S.A. 40A:21-1, *et seq.*, a municipality having within its corporate limits Areas in Need of Rehabilitation or Areas in Need of Redevelopment pursuant to the Local Redevelopment and Housing Law (N.J.S.A. 40A:12A-1 *et seq.*) may, by ordinance, provide for the exemption to, and abatement of, real property taxes for a limited period of time, to encourage and provide incentives for the construction and rehabilitation of certain residences, multiple dwellings, mixed use structures and industrial and commercial structures; and

WHEREAS, the Borough of Haddon Heights contains areas that have been declared either Areas in Need of Rehabilitation or Areas in Need of Redevelopment (hereafter “ANRs”) as that term is defined in N.J.S.A. 40A:21-1, *et seq.*; and

WHEREAS, the Borough of Haddon Heights desires to provide the opportunity in appropriate cases for the use of real property tax incentives for certain residences, multiple dwellings, mixed use structures and commercial and industrial structures within the boundaries of its ANRs; and

WHEREAS, N.J.S.A. 40A:21-1, *et seq.* provides for the exemption of assessments on improvements for five years following completion of a project as defined in the statute and the exemption or abatement of property taxes for new construction for a five year period following completion of the project as defined in the statute;

NOW, THEREFORE, BE IT ORDAINED AND ESTABLISHED by the Borough of Haddon Heights:

SECTION ONE. Definitions.

- A. The definitions contained in N.J.S.A. 40A:21-3 are incorporated herein by reference as if set forth at length, except as modified or supplemented herein. As used in this Chapter, words shall have the meanings as so defined unless a different meaning is expressed.
- B. “Completion” shall mean the issuance of a temporary certificate of occupancy, continuing certificate of occupancy, final certificate of occupancy for the improvement in question or other determination of completion by the Borough.
- C. “Mixed Use Structure” shall mean a structure with two or more different uses such as, but not limited to, residential, commercial, or industrial.

SECTION TWO. Tax Exemptions and Abatements Authorized.

The Borough hereby authorizes the utilization of tax exemption and abatement in accordance with Article VIII, Section I, Paragraph 6, of the New Jersey Constitution and establishes the eligibility of dwellings, multiple dwellings, mixed use structures, commercial and industrial structures for five-year tax exemptions and abatements as authorized by N.J.S.A. 40A:21-1, et seq., throughout areas of the municipality that have been declared in Need of Redevelopment or in Need of Rehabilitation as permitted by statute and as set forth herein, provided that the property is not ineligible pursuant to the provisions of Section of this ordinance.

SECTION THREE. Improvements to Dwellings.

Improvements to one or two unit residential dwellings shall be eligible for tax exemption, pursuant to N.J.S.A. 40a:21-5a, provided the improvements meet the minimum eligibility requirements is Section 16.B. In determining the value of real property, the municipality will regard the first \$25,000.00 in the assessor's full and true value of improvements for each dwelling unit primarily and directly affected in any dwelling more than twenty (20) years old as not increasing the value of the property for a period of five (5) years. The exemption period shall commence upon completion of the improvements. Notwithstanding the foregoing, the assessment on the property shall not be less than the assessment thereon existing immediately prior to the completion of the improvements.

SECTION FOUR. Improvements to Multiple Dwellings.

A. Improvements to, or construction of, multiple dwellings are eligible for tax exemption. Multiple dwellings are buildings containing three or more residential units. Upon approval in accordance with the provisions of this Chapter, the Assessor's full and true assessed value of the improvements shall be regarded as not increasing the value of the property for a period of five (5) years commencing with the completion of an improvement, as defined in Section 1, notwithstanding that the value of the property to which the improvements are made is increased thereby. During the exemption period, the assessment on the property shall not be less than the assessment existing thereon immediately prior to the improvement unless an abatement is granted pursuant to subsection B of this Section, or there is damage to the multiple dwelling through action of the elements sufficient to warrant a reduction. As used in this section, "improvements" shall not be construed to include an increase in the number of dwelling units nor the reduction of the total number of dwelling units to less than three.

B. Improvements to, or construction of, multiple dwellings that have received a tax exemption pursuant to subsection A of this Section may be eligible for a tax abatement. If approved by the Borough, the annual amount of the abatement shall be set forth in a tax agreement, but the amount of the abatement shall not exceed 30% of the total cost of the improvement construction or conversion alteration, and the total amount of the abatements granted to any single property shall not exceed the total cost of the construction or conversion alteration. The term of the abatement shall not exceed five (5) years.

C. Any such exemption and abatement set forth in Section 4 shall be subject to individual review, evaluation and approval by the governing body pursuant to N.J.S.A. 40A:21-7 and the owner and Borough entering into a tax agreement as provided by N.J.S.A. 40A:21-10, or otherwise.

SECTION FIVE. Improvements to Mixed Use, Commercial and Industrial Structures.

A. Improvements to, or construction of, mixed use, commercial and industrial structures may be eligible for tax exemption for a period of five (5) years commencing with the completion of an improvement. Upon approval in accordance with the provisions of this Chapter, the Assessor's full and true assessed value of the improvements shall be regarded as not increasing the value of the property notwithstanding that the value of the property to which the improvement is made is increased thereby. During the exemption period, the assessment on the property shall not be less than the assessment existing thereon immediately prior to the improvements, unless there is damage to the structure through action of the elements sufficient to warrant a reduction.

B. The exemption may only be granted after review, evaluation and approval of each application by the governing body of the Borough. Any such exemption shall be subject to individual review, evaluation and approval by the governing body pursuant to N.J.S.A. 40A:21-7 and the owner and Borough entering into a tax agreement as provided by N.J.S.A. 40A:21-10, or otherwise.

SECTION SIX. Application and Exemption.

A. The applicant shall furnish to the municipality all the information required by N.J.S.A. 40A:21-9. In addition, every applicant shall file the application form prescribed by the Director of the New Jersey Division of Taxation in the Department of Treasury, with the Tax Assessor, as a condition to approval, within thirty (30) days, including Saturdays and Sundays, following the completion of the improvement, as defined in Section 1. Every application for exemption so filed, for a one or two-unit dwelling pursuant to Section 3 hereof, shall be approved and allowed by the Assessor to the degree that the application is consistent with the provisions of this Article, provided that the improvement for which the application is made, qualifies as such, pursuant to the provisions of this Article. The granting of an exemption or exemption and abatement and tax agreement, if appropriate, shall be recorded and made a permanent part of the official tax records of the taxing district, which record shall contain a notice of termination date thereof.

B. No tax exemption for a multiple-dwelling, mixed-use, commercial or industrial structure shall be granted unless approved by resolution of the Borough Council on an individual basis after review, evaluation and approval of each application and compliance with the terms of this Ordinance, the underlying statute, rules and regulations except as set forth in Section Three hereof.

C. The tax agreement for a multiple-dwelling, mixed-use, commercial or industrial structure shall provide for the applicant to pay to the Borough in lieu of full property tax payments an amount annually to be computed by one, but in no case a combination, of the three

formulas set forth in N.J.S.A. 40A:21-10, viz., the “Cost”, “Gross revenue,” or “Tax phase in” basis.

D. All tax agreements entered into shall be in effect for no more than the five full years next following the date of completion of the project.

SECTION SEVEN. Eligibility for Additional Construction or Improvement.

An additional improvement or construction, completed on a property granted a previous exemption or abatement during the period in which such previous exemption or abatement is in effect, may be qualified for an exemption and/or abatement, just as if such property had not received a previous exemption or abatement. In such case, the additional improvement or construction shall be considered as separate for the purposes of calculating exemptions and abatements, except that the assessed value of any previous improvement or construction shall be added to the assessed valuation as it was prior to that improvement or construction for the purpose of determining the assessed valuation of the property from which any additional abatement is to be subtracted.

SECTION EIGHT. Applicability of Statutory Regulatory Provisions.

Every application for exemption or abatement and every exemption and abatement granted shall be subject to all the provisions of N.J.S.A. 40A:21-1, *et seq.*, and all rules and regulations issued thereunder.

SECTION NINE. Applicability of Federal, State and Local Laws.

All tax abatement and exemption agreements shall provide that the applicant is subject to all federal, state and local laws and regulations.

SECTION TEN. Equalization.

The percentage which the payment in lieu of taxes bears to the property taxes which would have been paid had an abatement not been granted for the property under the agreement shall be applied to the valuation of the property to determine the reduced valuation of the property to be included in the valuation of the municipality for determining equalization for county apportionment and school aid during the term of the tax abatement agreement covering the property.

SECTION ELEVEN. Cessation or Disposition of Property.

If during any tax year prior to the termination of the tax abatement or exemption agreement, the applicant ceases to operate or disposes of the property or otherwise fails to meet the conditions of eligibility, the tax otherwise due if there had been no abatement or exemption shall become due and payable by the property owner. The Tax Assessor shall notify the property owner and the Tax Collector forthwith and the Tax Collector shall within fifteen (15) days thereof notify the owner of the property of the amount of taxes due. However, with respect to sale or other

disposal of the property which it is determined that the new owner of the property will continue to use the property pursuant to the conditions which were set forth in the tax abatement or exemption agreement, the exemption or abatement shall continue.

SECTION TWELVE. Default in Tax Payments.

In the event of default by the applicant, including but not limited to the failure to make timely tax or in lieu of tax payments to the municipality, the municipality shall notify the applicant, in writing, of said default. The applicant shall have thirty days to cure any default. Following the thirty day cure period, the municipality shall have the right to proceed against the property pursuant to the In Rem Tax Foreclosure Act, N.J.S.A. 54:4-1, *et seq.* and/or may cancel the Financial Agreement upon thirty days' notice to the applicant.

SECTION THIRTEEN. Taxes Upon Termination.

At the termination of a tax abatement or exemption agreement, a project shall be subject to all applicable real property taxes as provided by state law and local ordinance.

SECTION FOURTEEN. Payment of Fees.

No application for tax exemption or abatement shall be accepted by the municipality unless accompanied by full payment of the required application fee as set forth herein. Such fees shall be based on total project cost as set forth in a schedule on file with the Office of the Municipal Clerk. These fees shall be received as compensation for the Borough's administrative costs, legal review by the Borough Attorney and related work.

SECTION FIFTEEN. Ordinance Sent to Department of Community Affairs.

The Municipal Clerk is hereby authorized and directed to forward a certified copy of this Ordinance to the State of New Jersey Department of Community Affairs.

SECTION SIXTEEN. Ineligibility.

No exemption or abatements shall be granted in the following circumstances:

A. No exemptions or abatement shall be granted for any property for which property taxes or any other municipal charges are delinquent or remain unpaid or for which penalties for nonpayment are due for a period of at least one year, or for any property not being used in conformance with local, state or federal ordinance, regulation or statute. In addition, one and two family structures which contain home based businesses are ineligible for the tax exemption or abatement programs described herein.

B. No exemption or abatement shall be granted for any property being converted from single family use to a multiple family use.

C. No exemption or abatement shall be granted for any property the improvements to which will increase the density, as that term is defined in N.J.S.A. 40:55D-4, beyond that

permitted by the applicable zone regulations notwithstanding that a variance may have been granted for such increase.

D. No exemption or abatement shall be granted for any property that presently constitutes a valid non-conforming use or structure, as those terms are defined in N.J.S.A. 40:55D-5, unless the improvement eliminates the non-conformity.

SECTION SEVENTEEN. Appeal.

The grant or denial of application for a tax exemption or abatement pursuant to this ordinance shall be made in the sole discretion of the tax assessor and Borough Council. With respect to those approvals requiring tax agreements, in making its determination Council shall consider the cost and benefits of the improvements to the Borough as a whole including its location, financial impacts, effect on the zone plan and master plan, consistency with the development goals of the Borough, fiscal determinations with respect to the Borough budget and other factors deemed relevant by Council. Appeal of any determination made by the tax assessor or Borough Council under the terms of this Ordinance shall be made to the Camden County Board of Taxation.

SECTION EIGHTEEN. Construction of Ordinance.

Where consistent with the context in which used in this ordinance, words importing the singular shall include the plural; words importing the plural shall include the singular; and, words importing one gender shall include all other genders.

SECTION NINETEEN. Inconsistent Ordinances Repealed.

Should any provision of this ordinance be inconsistent with the provisions of any prior ordinances, the inconsistent provisions of such prior ordinances are hereby repealed, but only to the extent of the inconsistencies.

SECTION TWENTY. Severability.

In the event that any provision of this ordinance or the application thereof to any person or circumstance is declared invalid by a court of competent jurisdiction, such declaration of invalidity shall not affect any other provision or application of this ordinance which may be given effect, and, to realize this intent, the provisions and applications of this ordinance are declared to be severable.

SECTION TWENTY-ONE. Application Fee Schedule.

The following fees are to be paid at the time that an application is submitted for tax exemption and/or exemption and abatement. The fees established herein may be adjusted from time to time by action of the Borough Council. In the event that the exemption or abatement is not granted, 50% of the application fee shall be refunded to the applicant.

Fees are established based on the estimated cost of the improvement:

- A. \$0 to \$50,000 = 1% of the estimated construction cost.
- B. \$50,001 to \$150,000 = 1.1% of the estimated construction cost
- C. \$150,001 to \$300,000 = 1.2% of the estimated construction cost
- D. \$300,001 to \$500,000 = 1.3% of the estimated construction cost
- E. \$500,001 and above = 1.5% of the estimated construction cost

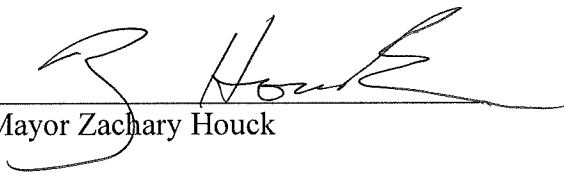
SECTION TWENTY-TWO. Expiration.

No applications for exemptions or abatements shall be filed for exemptions or abatements to take initial effect in the eleventh tax year following adoption of this ordinance or in any year thereafter unless this ordinance has been readopted pursuant to the provisions of N.J.S.A. 40A:21-4.

Introduction: September 6, 2022

Public Hearing: SEPT. 20, 2022

Final Adoption: SEPT. 20, 2022



Mayor Zachary Houck

ATTEST: 

Kelly Santosusso, RMC, Borough Clerk