

ORDINANCE #2020-9

**ORDINANCE APPROVING APPLICATION
FOR A LONG TERM TAX EXEMPTION AND
AUTHORIZING THE EXECUTION OF A
FINANCIAL AGREEMENT WITH
PRINCETON THANET ROAD URBAN
RENEWAL, LLC**

WHEREAS, the Municipality of Princeton, in the County of Mercer, New Jersey (“**Princeton**”), a public body corporate and politic of the State of New Jersey (the “**State**”) is authorized pursuant to the Local Redevelopment and Housing Law, *N.J.S.A. 40A:12A-1 et seq.* (the “**Redevelopment Law**”), to determine whether certain parcels of land within Princeton constitute an area in need of rehabilitation and/or an area in need of redevelopment; and

WHEREAS, pursuant to the Redevelopment Law, improvements to property located within an area in need of rehabilitation or redevelopment may qualify for long term tax exemptions under the Long Term Tax Exemption Law, *N.J.S.A. 40A:20-1 et seq.* (the “**Exemption Law**”); and

WHEREAS, pursuant to the Redevelopment Law, by resolution duly adopted on December 18, 2019, the Mayor and Council of Princeton (the “**Mayor**” and “**Council**”), designated the property identified on the Tax Map of Princeton as Block 5502, Lot 4 (the “**Redevelopment Area**”) as an “area in need of redevelopment” pursuant to the Redevelopment Law; and

WHEREAS, the Mayor and Council serve as an instrumentality and agency of Princeton pursuant to the provisions of the Redevelopment Law for the purpose of implementing redevelopment plans and carrying out redevelopment projects within Princeton; and

WHEREAS, pursuant to *N.J.S.A. 40A:12A-7*, on February 10, 2020, the Mayor and Council duly adopted an ordinance approving a redevelopment plan (and as same may be further amended from time to time, the “**Redevelopment Plan**”) for the Redevelopment Area; and

WHEREAS, on February 19, 2020, the Mayor and Council adopted a resolution designating AvalonBay Communities, Inc., (“**AvalonBay**”) as the redeveloper, as that term is used in the Redevelopment Law, for a portion of the Redevelopment Area; and

WHEREAS, Princeton Thanet Road Urban Renewal, LLC (“**Thanet**” and together with AvalonBay, the “**Redeveloper**”) is the urban renewal entity created by AvalonBay in accordance with the Exemption Law; and

WHEREAS, in order to effectuate the Redevelopment Plan, on February 19, 2020, the Mayor and Council adopted Resolution ##2020-____ authorizing the execution of a redevelopment agreement with the Redeveloper (the “**Redevelopment Agreement**”) to set forth the terms and

conditions with respect to the redevelopment of the Redevelopment Area by the Redeveloper with a 221-unit residential development with 210 market rate rental units and 11 affordable rental units and related improvements on a portion of the Redevelopment Area (the “**Project**”); and

WHEREAS, the Project will conform to the Redevelopment Plan and the Redevelopment Agreement and all applicable municipal zoning ordinances to the extent it contains provisions that are relevant to the Project and will be in conformance with the master plan of Princeton; and

WHEREAS, the provisions of the Exemption Law authorize Princeton to accept, in lieu of real property taxes, an Annual Service Charge (as defined in the Exemption Law), to be paid by the Redeveloper to Princeton in connection with the Project; and

WHEREAS, in order to enhance the economic viability of and opportunity for a successful project, the Redeveloper submitted to the Mayor an application (the “**Application**”), which is on file with the Municipal Clerk, seeking a tax exemption in connection with the Project pursuant to the Exemption Law in exchange for which the Redeveloper proposes to make payments to Princeton of Annual Service Charges in lieu of taxes; and

WHEREAS, the Redeveloper also submitted to the Mayor a form of financial agreement attached to the Application, establishing the rights, responsibilities and obligations of the Redeveloper; and

WHEREAS, the Mayor submitted the Application and the financial agreement in substantially the same form as that on file with the Municipal Clerk (the “**Financial Agreement**”) to the Council with her recommendation for approval, a copy of which recommendation is on file with the Municipal Clerk; and

WHEREAS, upon review of the Application and the Mayor’s recommendation, the Council has made the following findings with respect to the Project pursuant to *N.J.S.A. 40A:2011*:

A. Relative Benefits of the Project:

The Property is approximately 15 acres. It was previously utilized with office buildings but is currently underutilized. The Project will create approximately 300 construction jobs and 6 permanent jobs. The Project will generate significant amounts of new municipal revenues through the Annual Service Charge and water/sewer fees. In light of market conditions and other economic factors impacting this Project, it is not financially feasible to undertake the development of this Project in the absence of the tax exemption. Accordingly, without the incentive the tax exemption, it is unlikely that the Project would be undertaken. Without the Project, the benefits described above would not be realized.

- B. Assessment of the importance of the tax exemption in obtaining development of the Project and influencing the locational decisions of probable occupants:

The tax exemption permits the private residential development of underutilized property and provides a stream of revenue in the form of the Annual Service Charges. The relative stability and predictability of the Annual Service Charges will allow the owners and, by extension, the occupants, of the Project to stabilize their expenses, which will ensure the likelihood of the success of the Project and ensure that it will have a positive impact on the surrounding area. Further, the relative stability and predictability of the Annual Service Charge makes the Project more attractive to investors and lenders needed to finance the Project. The tax exemption permits the development of the Project in an area that cannot otherwise be developed by reducing the expenses associated with the operation of the Project.

WHEREAS, in accordance with the provisions of the Exemption Law, the Council desires to approve the Application and the Financial Agreement.

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE MUNICIPALITY OF PRINCETON, NEW JERSEY AS FOLLOWS:

Section 1. The aforementioned recitals are incorporated herein as though fully set forth at length.

Section 2. The Application submitted by the Redeveloper is hereby approved in accordance with Section 8 of the Exemption Law.

Section 3. The Mayor is hereby authorized and directed to execute the Financial Agreement substantially in the form as that on file with the Municipal Clerk together with such additions, deletions and other modifications deemed necessary upon consultation with counsel to Princeton, and prepare, amend or execute any other agreements necessary to effectuate this ordinance, subject to modification or revisions, as deemed necessary and appropriate.

Section 4. The Municipal Clerk is hereby authorized and directed, upon execution of the Financial Agreement by the Mayor, to attest to the signature of the Mayor and to affix the corporate seal of Princeton upon such document.

Section 5. The Municipal Clerk shall file certified copies of this ordinance and the Financial Agreement with the Tax Assessor of Princeton in accordance with Section 12 of the Exemption Law.

Section 6. In accordance with P.L. 2015, c. 247, within ten (10) calendar days following the later of the effective date of this Ordinance or the execution of the Financial Agreement by the Redeveloper, the Municipal Clerk also shall transmit a certified copy of this Ordinance and the Financial Agreement to the chief financial officer of Mercer County and to the Mercer County Counsel for informational purposes.

Section 7. The Mayor and Municipal Clerk are hereby authorized to take such action and to execute such other documents, on behalf of Princeton, in consultation with counsel, as is necessary to effectuate the terms of the Financial Agreement.

Section 8. If any part(s) of this ordinance shall be deemed invalid, such part(s) shall be severed and the invalidity thereby shall not affect the remaining parts of this ordinance.

Section 9. This ordinance shall take effect in accordance with all applicable laws.

Delores A. Williams, Clerk

Liz Lempert, Mayor