

O-05-20

**AN ORDINANCE OF THE BOROUGH OF WHARTON, IN
THE COUNTY OF MORRIS, NEW JERSEY APPROVING
AN APPLICATION FOR A LONG-TERM TAX
EXEMPTION AND AUTHORIZING THE EXECUTION OF
A FINANCIAL AGREEMENT WITH WHARTON CHA
URBAN RENEWAL, LLC**

WHEREAS, the Borough of Wharton, in the County of Morris, New Jersey (the “Borough”), 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.*, as amended and supplemented (the “Redevelopment Law”), to determine whether certain parcels of land within the Borough 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, on July 16, 2018 the governing body of the Borough (the “Borough Council”) adopted Resolution No. R-100-18 designating the properties identified on the Tax Maps of the Borough as Block 1317, Lots 1 through 22 (which Lot 22 includes Lot 23 as Lot 23 is shown on the Borough Tax maps as a distinct lot but the Borough Tax records have incorporated Lot 23 into adjacent 22) on the official tax map of the Borough as a non-condemnation area in need of redevelopment (the “Redevelopment Area”) pursuant to the Redevelopment Law; and

WHEREAS, on October 15, 2018, pursuant to Ordinance No. O-17-18, the Governing Body adopted that certain “Main Street Redevelopment Plan Block 1317, Lots 1-23” for the Redevelopment Area (as may be amended from time to time, the “Redevelopment Plan”); and

WHEREAS, in order to implement the Redevelopment Plan, on February 4, 2020, the Borough and Wharton CHA Urban Renewal, LLC (the “Entity”) entered into that certain “Redevelopment Agreement”, which was approved by the Borough Council on February 3, 2020, pursuant to Resolution R-51-20 (as may be amended from time to time, the “Redevelopment Agreement”); and

WHEREAS, the Redevelopment Agreement sets forth the terms and conditions by which the Entity will undertake to redevelop a portion of the Redevelopment Area, known as Block 1317, Lots 1, 2, 3 and 9 (including former Lot 8) through 12 (collectively, the “Land”), by demolishing existing buildings thereon and constructing thereon a mixed-use development consisting of approximately 50 rental residential units, 3 units of which shall be affordable to very low, low, and moderate income households in accordance with the

Redevelopment Plan, and approximately 6,900 square feet of Commercial Uses, and 16 residential townhome-style rental units, along with associated amenities and site improvements including all required on-site parking (the “Project”); and

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

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

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

WHEREAS, the Mayor submitted the Application and the financial agreement attached hereto as Exhibit A (the “Financial Agreement”) to the Borough Council with his recommendation for approval, a copy of which recommendation is on file with the Borough Clerk; and

WHEREAS, upon review of the Application and the Mayor’s recommendation, the Borough Council has made the following findings with respect to the Project pursuant to *N.J.S.A. 40A:20-11*:

1. The Project will be beneficial to the overall community; will provide additional quality affordable and market rate rental housing; will achieve the goals and objectives of the Redevelopment Plan; will help revitalize the Redevelopment Area; will improve the quality of life for the community; will serve as a catalyst for further private investment in the Redevelopment Area; and will enhance the economic development of the Borough.
2. It is anticipated that the development of the Project will create approximately seventy-five (75) construction jobs over the duration of the construction of the Project, as well as create approximately five (5) full-time permanent jobs in connection with the operation of the Project.
3. The Land, including the improvements thereon, currently generates approximately \$38,500 in annual revenues in real estate taxes to all government units. Pursuant to this Agreement, the Project is projected to generate revenue for the Borough in the aggregate amount of approximately \$4.379 million for the term of this Agreement. The Borough’s authorized officers and employees have determined that the benefits to the Borough accruing as a result of the Project, including the revitalization of the

Redevelopment Area and the generation of jobs as described above, will outweigh the costs to the Borough resulting from the long term tax exemption granted herein.

4. The Borough Council's approval of the long term tax exemption set forth in the Financial Agreement is essential to the success of the Project because, without the exemption, the Entity would not be able to finance and construct the Project in a manner that will allow it to establish retail and residential rents that are consistent with the current market. As a result, without the tax exemption probable occupants of the Project would not choose to reside or rent commercial space in the Project. The exemption permits the Entity to charge rents that are consistent with the market for new, multi-family rental units and modern commercial space in the Borough and thus influence the locational decisions of the probable occupants of the Project.

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

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE BOROUGH OF WHARTON, 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 Entity 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 attached as Exhibit A together with such additions, deletions and other modifications deemed necessary upon consultation with counsel to the Borough, 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 Clerk of the Borough 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 the Borough upon such document.

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

Section 6. In accordance with Section 12 of the Exemption Law, within ten (10) calendar days following the later of the effective date of this Ordinance or the execution of the Financial Agreement by the Entity, the Borough Clerk also shall transmit a certified copy of this Ordinance and the Financial Agreement to the chief financial officer of Morris County and to the Morris County Counsel for informational purposes.

Section 7. The Mayor and Borough Clerk are hereby authorized to take such action and to execute such other documents, on behalf of the Borough, in consultation with Borough 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.

First Reading: February 24, 2020

Second Reading: March 9, 2020

ATTEST:

**Gabrielle Evangelista,
Borough Clerk**

BOROUGH OF WHARTON

**WILLIAM J. CHEGWIDDEN,
MAYOR**

EXHIBIT A

Form of Financial Agreement