

**TOWNSHIP OF CRANFORD  
CRANFORD, NEW JERSEY**

**ORDINANCE NO. 2018-08**

**AN ORDINANCE OF THE TOWNSHIP OF CRANFORD, COUNTY OF UNION,  
APPROVING THE APPLICATION AND FINANCIAL AGREEMENT FOR A TAX  
EXEMPTION PURSUANT TO THE LONG TERM TAX EXEMPTION LAW OF  
BIRCHWOOD DEVELOPERS URBAN RENEWAL ASSOCIATES, LLC FOR THE  
CONSTRUCTION OF A RESIDENTIAL PROJECT LOCATED AT 215 AND 235  
BIRCHWOOD AVENUE**

**WHEREAS**, pursuant to the provisions of the Long Term Tax Exemption Law of 1992, N.J.S.A. 40A:20-1 et seq., as amended and supplemented, the Township of Cranford (the “**Township**”) is permitted to enter into Long Term Tax Exemption Financial Agreements for qualified projects; and

**WHEREAS**, Birchwood Developers Urban Renewal Associates, LLC (the “**Entity**”) is a duly formed urban renewal entity qualified to do business under the provisions of the Long Term Tax Exemption Law of 1992, N.J.S.A. 40A:20-1 et seq., as amended and supplemented, and approved by the Department of Community Affairs; and

**WHEREAS**, the Entity will be the contract purchaser of the property from the Township identified on the Tax Maps of the Township as Block 291, Lot 15.01 and Block 292, Lot 2 (the “**Property**”), commonly known as 215 and 235 Birchwood Avenue; and

**WHEREAS**, on April 26, 2017, the Township Committee of the Township (the “**Township Committee**”) adopted Resolution No. 2017-188A designating the Property as a non-condemnation area in need of redevelopment (the “**Redevelopment Area**”) pursuant to the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq., as amended and supplemented (the “**Local Redevelopment and Housing Law**”); and

**WHEREAS**, on July 18, 2017, the Township Committee adopted Resolution No. 2017-285C resolution designating Birchwood Developers Associates, LLC as the redeveloper of the Property; and

**WHEREAS**, pursuant to N.J.S.A. 40A:12A-7, on November 28, 2017, the Township Committee duly adopted Ordinance No. 2017-14 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 March 12, 2018, the Township and Birchwood Developers Associates, LLC, entered into a Redevelopment Agreement (the “**Redevelopment Agreement**”) in order to implement the development, design, financing and construction of a project including 225 rental residential units, with 34 units affordable to very low, low and moderate income households, and as more fully described in the Redevelopment Agreement and Application (the “**Project**”); and

**WHEREAS**, Birchwood Developers Associates, LLC will transfer its interest as redeveloper in the Project to the Entity; and

**WHEREAS**, the Entity submitted an application to the Township for the approval of an exemption for the Project pursuant to the Long Term Tax Exemption Law (the “**Application**”), which Application is attached hereto; and

**WHEREAS**, the Application contains certified project costs and revenue projections for the Project, that set forth the total gross revenue to be received and costs to be expended by the Developer from the operation of the Project, as estimated by the Entity;

**WHEREAS**, the Township has made the following findings with respect to the Project:

- A. Relative Benefits of the Project: The Project will revitalize and effectuate the development of a deteriorated and unused, abandoned area while providing new residential housing units, including 34 new affordable housing units, within the Redevelopment Area. The Project site, currently owned by the Township, generates no revenue for the Township. As part of the Project, title to the Project site will be transferred to the Entity for development and will result in estimated anticipated revenue to the Township of approximately \$588,173 in the first year after substantial completion. The Project is consistent with the Redevelopment Plan and will contribute to the economic and smart growth of the Township. It is anticipated that the Project will create approximately two hundred forty-six (246) full-time equivalent construction jobs over the duration of the construction of the Project, as well as approximately twelve (12) full-time permanent jobs in connection with operation of the Project.
- B. Assessment of the Importance of the Tax Exemption: The Tax Exemption is important for development of the Project and influencing the locational decisions of probable occupants. Without the exemption, the Entity would not be able to finance and construct the Project in a manner that will allow it to establish rents that are consistent with the market for new multi-family rental units in the Township, and to provide affordable housing units. As a result, without the tax exemption probable occupants of the Project may not choose to reside in the Project. Finally, the relative stability and predictability of the Annual Service Charge payments under the Financial Agreement will assist in the long term success and viability of the Project.

**WHEREAS**, based on the relative benefits of the Project and the importance of the tax exemption, the Township Business Administrator and the Chief Financial Officer (the “Township Administration”) have reviewed and submitted the Application and Financial Agreement to the Township Committee with a recommendation of approval (the “**Township Administration’s Recommendation**”), which recommendation is attached hereto; and

**WHEREAS**, the Township Committee has reviewed the Application, Financial Agreement, and the Township Administration’s Recommendation, and has determined that it is in the best interest of the Township to grant a tax abatement to the Entity pursuant to the terms set forth in the Financial Agreement attached hereto;

**NOW, THEREFORE, BE IT ORDAINED** by the Township Committee of the Township of Cranford:

1. An exemption from property taxation in accordance with the Long Term Tax Exemption Law of 1992, N.J.S.A. 40A:20-1 *et seq.*, as amended and supplemented, pursuant to the terms set forth in the Financial Agreement, attached hereto, is hereby granted to the Entity, with respect to the Project;
2. The term of the Financial Agreement is thirty (30) years from substantial completion of the Project, but no greater than thirty-five (35) years from execution of the Financial Agreement;
3. The Entity shall, from the time the Annual Service Charge becomes effective under the Financial Agreement, pay the Annual Service Charge based on eleven percent (11%) of annual gross revenue, under the terms and schedule set forth in the Financial Agreement, in lieu of property taxes;
4. The Entity shall pay an additional annual amount of 2% of the Annual Service Charge as an Administrative Fee to the Township;
5. The Township shall pay 5% of the Annual Service Charge to the County of Union pursuant to N.J.S.A. 40A:20-12;

- 6. The Mayor and/or Township Administrator, in consultation with the Township Attorney, are hereby authorized to execute the Financial Agreement in substantially the form attached hereto as Exhibit C and any other agreements or documents necessary to effectuate this ordinance;
- 7. The executed copy of the Financial Agreement and this ordinance shall be certified by the Township Clerk and filed with the Tax Assessor for the Township;
- 8. The Township Clerk shall forward a copy of the Financial Agreement, after execution by the Entity, to the Director of the Division of Local Government Services in the Department of Community Affairs;
- 9. Within ten (10) calendar days following the later of the effective date of the ordinance or the execution of the Financial Agreement by the Entity, the Township Clerk shall transmit a certified copy of the ordinance and financial agreement to the Chief Financial Officer of the County of Union and the County Counsel for informational purposes, pursuant to N.J.S.A. 40A:20-12;
- 10. The Project shall conform to all federal and state law and ordinances and regulations of the Township relating to its construction and use, including the Redevelopment Plan, and the Financial Agreement;
- 11. This ordinance shall take effect in accordance with all applicable laws.

**EXHIBIT A**

Township Administration’s Recommendation

**EXHIBIT B**

Application for Long Term Tax Exemption by Birchwood Developers Urban Renewal Associates, LLC

**EXHIBIT C**

Financial Agreement

Introduced: April 10, 2018

Adopted: May 8, 2018

APPROVED:

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Thomas H. Hannen, Jr., Chairman  
Township Committee

ATTEST:

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Patricia Donahue, RMC  
Township Clerk

RECORDED VOTE	INTRODUCED	ADOPTED
Thomas H. Hannen, Jr.	Aye	Aye
Ann Dooley	Aye	Aye
Patrick F. Giblin	Nay	No Vote
Jean-Albert Maisonneuve	Aye	Absent
Mary O’Connor	Aye	Aye