

ORDINANCE #24 - 13

**ADOPTING A FIVE-YEAR TAX EXEMPTION AND ABATEMENT ORDINANCE
PURSUANT TO N.J.S.A. 40A:21-1**

WHEREAS, the Mayor and Council of the Borough of Glassboro have determined that it is in the best interest of the Borough of Glassboro to encourage property owners to make substantial improvements to their properties in order to enhance the value of their properties and the quality of housing and commercial buildings in the Borough; and

WHEREAS, the Mayor and Council of the Borough of Glassboro adopted Ordinance No. 03-08 in order to extend the full real estate tax benefits to property owners making substantial improvements to their properties as permitted pursuant to N.J.S.A. 40A:21-1 et seq, the “Five-Year Exemption and Abatement Law”; and

WHEREAS, pursuant to the Five-Year Exemption and Abatement Law, in order to continue to extend the full real estate tax benefits to such property owners, the Borough must, every ten years, adopt or readopt an authorizing Ordinance for such real estate tax benefits; and

WHEREAS, the Mayor and Council of the Borough of Glassboro adopted Ordinance No. 13-19, readopting Ordinance No. 03-08; and

WHEREAS, the Mayor and Council of the Borough of Glassboro now wish to adopt a new ordinance authorizing the use of five-year exemptions and abatements.

NOW, THEREFORE, BE IT ORDAINED by the Borough of Glassboro in the County of Gloucester, and State of New Jersey that Chapter 422 of the Borough Code is hereby repealed and replaced in its entirety with the following:

§ 422-1. Supersession.

All previous ordinances adopted by the Borough of Glassboro related to abatements and exemptions for properties located in areas in need of rehabilitation are superseded by this article.

§ 422-2. Authority.

The Council hereby determines to utilize the authority granted under Article VIII, Section 1, Paragraph 6, of the New Jersey Constitution to establish the eligibility of residential dwellings, multiple dwellings, condominiums and cooperatives and the eligibility of commercial and industrial structures for exemptions and abatements permitted by P.L. 1991, c. 441 (see N.J.S.A. 40A:21-1 et seq.), throughout areas designated, or to be designated, as in need of rehabilitation.

§ 422-3. Time of taking effect.

This article authorizes the Borough of Glassboro to grant exemptions and abatements to commence and take effect in the 2024 tax year and thereafter.

§ 422-4. Residential dwellings.

- A. There shall be an exemption from taxation of improvements to residential owner-occupied, single-family dwellings and the owner-occupied residential portion of mixed-use dwellings more than 20 years old. In determining the value of real property, the Borough shall regard the first \$25,000 in the Assessor's full and true value of improvements for each dwelling unit primarily and directly affected by the improvements as not increasing the value of the property for a period of five years, 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 thereon existing immediately prior to the improvements, unless there is damage to the dwelling through action of the elements sufficient to warrant a reduction. An exemption pursuant to this section shall be approved by the Assessor upon the filing of an application pursuant to § 422-15 of this article.
- B. There may be an exemption of a portion of the assessed valuation of construction of new dwellings and of conversions of other buildings and structures, including unutilized public buildings, to dwelling use. In determining the value of the real property, the Borough shall consider 30% of the Assessor's full value of the dwelling constructed, or conversion alterations made, as not increasing the value of the property for a total of five years, notwithstanding that the value of the property upon which the construction or conversion occurs is increased thereby. An application for abatement pursuant to this § 422-4B shall be made to the governing body in the form set forth in § 422-8 of this article. An application for exemption pursuant to this § 422-4B may be approved after review and evaluation by the governing body and shall require a written agreement with the Borough.

§ 422-5. Multiple dwellings.

- A. There shall be an exemption from taxation of improvements to multiple dwellings. In determining the value of the real property, the Borough shall regard first \$25,000 in the Assessor's full and true value of the improvements or conversion alterations as not increasing the

value of the property for a total of five years, notwithstanding that the value of the property upon which the construction or conversion alteration occurs is increased thereby. During the exemption period, the assessment on the property shall not be less than the assessment thereon existing immediately prior to the improvements, 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. An exemption pursuant to this section shall be approved by the Assessor upon the filing of an application as required by § 422-15 of this article.

- B. There may be an abatement of a portion of the assessed value of property receiving an exemption pursuant to § 422-5A of this article as it existed immediately prior to the improvement or conversion alteration. An abatement for a multiple dwelling may be granted by the Borough Council with respect to such property for five years. The annual amount of the abatement shall be equal to 20% of the total cost of the improvements or conversion alteration of the property, provided that the annual amount of the abatement shall not exceed 30% of the total cost of the improvements or the conversion alteration. An application for abatement pursuant to this section shall be made to the governing body in the form set forth in § 422-8 of this article.

§ 422-6. Exemptions for improvements to existing commercial and industrial structures.

- A. There shall be an exemption from taxation of improvements to commercial and industrial structures. In determining the value of the real property, the Borough shall regard the first \$50,000 in the Assessor's full and true value of the improvements or conversion alterations as not increasing the value of the property for a total of five years, notwithstanding that the value of the property upon which the construction or conversion occurs is increased thereby. During the exemption period, the assessment on the property shall not be less than the assessment thereon existing immediately prior to the improvements, unless there is damage to the structure through action of the elements sufficient to warrant a reduction.
- B. Any applicant for a tax exemption in excess of \$50,000 shall make application to the governing body pursuant to §§ 422-8 and 422-9 of this article. An application for exemption pursuant to this § 422-6B may be approved after review and evaluation by the governing body.
- C. An exemption pursuant to § 422-6A of this article shall be approved by the Assessor upon the filing of an application pursuant to § 422-15 of this article.

§ 422-7. Exemptions and abatements for new construction of commercial structures, industrial structures and multiple dwellings.

The governing body of the Borough of Glassboro is hereby authorized to enter into tax agreements for an exemption and abatement from taxation of new construction of commercial structures, industrial structures and multiple dwellings in accordance with the procedures set forth in §§ 422-8 through 422-14 of this article.

§ 422-8. Applications for exemptions or abatement on construction of commercial and industrial structures and multiple dwellings.

Applicants for tax exemption and abatement for a new construction of commercial structures, industrial structures and multiple dwellings pursuant to § 422-7 of this article shall provide the

governing body of the Borough of Glassboro with an application setting forth the following information:

- A. A general description of a project for which exemption and abatement is sought.
- B. A legal description of all real estate necessary for the project.
- C. Plans, drawings and other documents as may be required by the governing body to demonstrate the structure and design of the project.
- D. A description of the number, classes and type of employees to be employed at the project site within two years of completion of the project.
- E. A statement of the reasons for seeking tax exemption and abatement on the project and a description of the benefits to be realized by the applicant if a tax agreement is granted.
- F. Estimates of the cost of completing such project.
- G. A statement showing the real property taxes currently being assessed at the project site; estimated tax payments that would be made annually by the applicant on the project during the period of the agreement; and estimated tax payments that would be made by the applicant on the project during the first full year following the termination of the tax agreement.
- H. If the project is a commercial or industrial structure, a description of any lease agreement between the applicant and proposed users of the project and a history and description of the user's businesses.
- I. If the project is a multiple dwelling, a description of the number and types of dwelling units to be provided, a description of the common elements or general common elements and a statement of the proposed initial rentals or sales prices of the dwelling units according to type and of any rental lease or resale restrictions to apply to the dwelling units respecting low- or moderate-income housing;
- J. Such other pertinent information as the governing body may require on a case-to-case basis.

§ 422-9. Tax agreements.

The governing body of the Borough of Glassboro may enter into a written agreement with an applicant for the exemption and abatement of local property taxes. The agreement shall provide for the applicant to pay the municipality in lieu of full property taxes an amount equal to a percentage of taxes otherwise due according to any one, but in no case a combination, of the following formulas authorized by N.J.S.A. 40A:21-10:

- A. Cost basis. The agreement may provide for the applicant to pay to the municipality in lieu of full property tax payments an amount equal to 2% of the cost of the project or improvement. For the purposes of the agreement, the "cost of the project" means only the cost or fair market value of direct labor and all materials used in the construction, expansion or rehabilitation of all buildings, structures and facilities at the project site, including the costs, if any, of land acquisition and land preparation, provision of access roads, utilities, drainage facilities and parking facilities, together with architectural, engineering, legal surveying, testing and contractors' fees associated with the

project, which the applicant shall cause to be certified and verified to the governing body by an independent and qualified architect following the completion of the project.

- B. Gross revenue basis. The agreement may provide for the applicant to pay to the municipality in lieu of full property tax payments an amount annually equal to 15% of the annual gross revenues from the project. For the purposes of the agreement, "annual gross revenues" means the total annual gross rental and other income payable to the owner of the project from the project. If, in any leasing, any real estate taxes or assessments on property included in the project, any premiums for fire or other insurance on or concerning property included in the project or any operating or maintenance expenses ordinarily paid by the landlord are to be paid by the tenant, then those payments shall be computed and deemed to be part of the rent and shall be included in the annual gross revenue. The tax agreement shall establish the method of computing the revenues and may establish a method of arbitration by which either the landlord or tenant may dispute the amount of payments so included in the annual gross revenue.
- C. Tax phase-in basis. The agreement may provide for the applicant to pay to the municipality in lieu of full property tax payments an amount equal to a percentage of taxes otherwise due, according to the following schedule:
 - (1) In the first full tax year after completion, no payment in lieu of taxes otherwise due.
 - (2) In the second tax year, an amount not less than 20% of taxes otherwise due.
 - (3) In the third tax year, an amount not less than 40% of taxes otherwise due.
 - (4) In the fourth tax year, an amount not less than 60% of taxes otherwise due.
 - (5) In the fifth tax year, an amount not less than 80% of taxes otherwise due.

§ 422-10. Procedure.

- A. The Assessor shall determine on October 1 of the year following the date of the completion of an improvement, conversion or construction the true taxable value thereof. Except for projects subject to a tax agreement pursuant to § 422-7 of this article, the amount of the tax to be paid for the first full tax year following completion shall be based on the assessed valuation of the property for the previous year, minus the amount of the abatement and/or exemption, if any, allowed pursuant to this article, plus any portion of the assessed valuation of the improvement, conversion or construction not allowed an exemption pursuant to this article.
- B. All tax agreements entered into pursuant to this article shall be in effect for no more than the five full tax years next following the date of completion of the project. This article shall not preclude the governing body from entering into a financial agreement for a tax exemption and/or abatement pursuant to the Long Term Tax Exemption Law¹ or any other statute authorizing a tax exemption and/or abatement for a period longer than five years.

¹. Editor's Note: See N.J.S.A. 40A:20-1 et seq.

- C. As a condition to granting an exemption or abatement, a property owner shall be required to waive the filing of any tax appeal for the subject property for the life of the exemption/abatement.

§ 422-11. Copy of agreement to be forwarded to Director of Division of Local Government Services.

The Clerk of the Borough of Glassboro, pursuant to N.J.S.A. 40A:21-11, shall forward a copy of all tax agreements entered into pursuant to this article to the Director of the Division of Local Government Services in the Department of Community affairs within 30 days of the date of execution.

§ 422-12. Disqualification of property owner.

If during any tax year prior to the termination of the tax agreement, the property owner ceases to operate, or disposes of the property, or fails to meet the conditions for qualifying for the abatement, the local property taxes due for all the prior years subject to abatement and for the current year shall be payable as if no exemption or abatement has been granted. The Tax Collector of the Borough of Glassboro shall notify the property owner within 15 days of the date of disqualification of the amount of taxes due. In the event that the subject property has been transferred to a new owner, and it is determined that the new owner will continue to use the property pursuant to the qualifying conditions, no tax shall be due, the exemption and abatement shall continue and the agreement shall remain in effect.

§ 422-13. Additional exemption or abatement.

The Borough of Glassboro hereby determines that an additional improvement, conversion or construction completed on a property already granted a previous exemption or abatement pursuant to this article during the period in which the previous exemption or abatement is in effect shall qualify for an additional exemption or abatement. The additional improvement, conversion or construction shall be considered as separate for purposes of calculating the exemption and abatement, except that the assessed value of any previous improvement, conversion or construction shall be added to the assessed valuation as it was prior to that improvement, conversion or construction for the purpose of determining the assessed value of the property for which any additional abatement is to be subtracted.

§ 422-14. Delinquent taxes.

No exemption or abatement shall be granted or tax agreement entered into pursuant to this article for any property for which property taxes and/or other municipal charges are delinquent or remain unpaid, or for which penalties for nonpayment of taxes are due. As a condition to granting an exemption or abatement, a property owner shall be required to waive the filing of any tax appeal for the subject property for the life of the exemption/abatement.

§ 422-15. Application form.

Every application submitted pursuant to this article shall be on a form prescribed by the Director of the Division of Taxation and shall be filed with the Tax Assessor of the Borough of

INTRODUCTION: 04-09-2024
PUBLIC HEARING: 05-14-2024

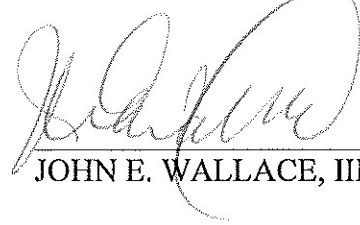
Glassboro, as a condition to approval, within 30 days, including Saturdays and Sundays, following the completion of the improvements, conversion or construction.

§ 422-16. Termination of agreement.

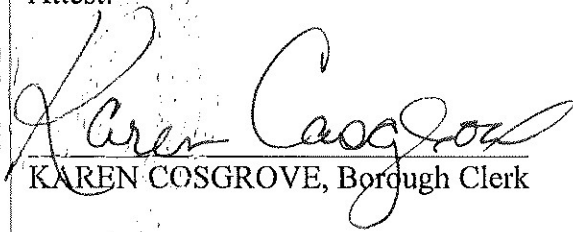
At the termination of an agreement for tax abatement or exemption authorized pursuant to this article, the project shall be subject to all applicable real property taxes, as provided by state laws and regulations and local ordinances, provided that nothing herein shall be deemed to prohibit the project or improvement at the termination of the agreement for tax exemption or abatement from qualifying for and receiving the full benefits of any other tax preference provided by law.

BE IT FURTHER ORDAINED that this Ordinance shall take effect immediately upon final passage and publication as required by law.

BOROUGH OF GLASSBORO


JOHN E. WALLACE, III, Mayor

Attest:

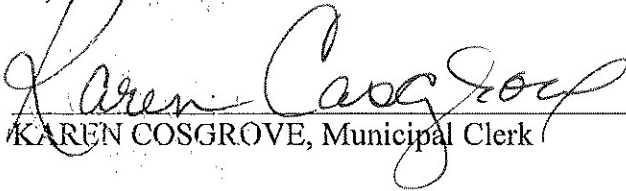

KAREN COSGROVE, Borough Clerk

ROLL CALL VOTE				
	AYES	NAYS	ABSTAIN	ABSENT
Mr. Brown	✓	/	/	/
Mr. Cossabone	✓	/	/	/
Ms. Garlic	✓	/	/	/
Mr. Halter	✓	/	/	/
Ms. Miller	✓	/	/	/
Ms. Spence	✓	/	/	/
TALLY:	(6)	0	0	0

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CERTIFICATION

I, Karen Cosgrove, Municipal Clerk, the Borough of Glassboro, in the County of Gloucester, do hereby certify that the foregoing Resolution was presented and duly adopted by the Borough Council at a meeting of the Borough of Glassboro held on May 14, 2024.


KAREN COSGROVE, Municipal Clerk