



BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH

ORDINANCE 0-18-05

AN ORDINANCE AMENDING SECTION 2-8.5 OF THE BOROUGH CODE TO ESTABLISH NONELIGIBILITY OF DWELLINGS FOR TAX ABATEMENTS

WHEREAS, pursuant to N.J.S.A. 40A:21-4, the Borough has the authority to adopt an Ordinance setting forth the eligibility or noneligibility of dwellings, multiple dwellings, and commercial and industrial structures for tax exemptions or abatements in areas in need of rehabilitation; and

WHEREAS, Ordinance 12-24 previously renewed a five-year tax exemption and abatement program pertaining to the entirety of the Borough; and

WHEREAS, the governing body of the Borough of Highlands has determined that it is in the best interest of the residents of the Borough to amend Section 2-8.5 to establish the noneligibility of dwellings for tax abatements;

NOW, THEREFORE, BE IT ORDAINED by the governing body of the Borough of Highlands as follows:

SECTION I.

Borough Code Section 2-8.5 "Exemption and Abatement from Taxation Pursuant to N.J.S.A. 40A:21-1" shall be amended as follows: (All additions are shown in ***bold italics with underlines***. The deletions are shown as ***~~strikeovers in bold italics~~***. Portions of Section 2-8 that will remain unchanged are omitted below.)

2-8.5 Exemption and Abatement from Taxation Pursuant to N.J.S.A. 40A:21-1.

a. *Purpose.* The Borough of Highlands seeks to encourage property owners to improve their property by offering certain tax incentives for limited periods of time upon completion of improvements or conversion or construction of structures as defined by law. Any exemption provided by this section shall not exceed five (5) years. In accordance with N.J.S.A. 40A:21-1 et seq., the eligibility for exemptions provided by this subsection shall expire in ten (10) years.

b. *Definition of Terms.* Unless otherwise specifically provided in this subsection the definition of all words and terms used in this section shall be those provided in N.J.S.A.

40A:21-1 entitled "The Five-Year Exemption and Abatement Law" (hereinafter referred to as "the Exemption Law").

c. *Area in Need of Rehabilitation.* In accordance with N.J.S.A. 40A:12A-14 and N.J.S.A. 40A:21-3 and -4, the entire Borough of Highlands is hereby designated an area in need of rehabilitation.

d. *Eligibility.* **All residential and nonresidential structures, including Multiple dwelling,** commercial, and industrial structures, which qualify pursuant to the Exemption Law, shall be eligible for exemptions from taxation as provided in this section for improvements, conversions, construction or all of these. Additionally, any **such** property seeking an exemption as provided herein (1) must not be delinquent in property taxes owed; and (2) must comply with current Zoning Code requirements. Any property receiving an exemption pursuant to the provisions herein shall immediately forfeit the exemption should property taxes on the property become delinquent.

e. *Exemptions for Improvements to or Construction of ~~Dwellings or~~ Multiple Dwellings, Conversions of Other Buildings to Multiple Dwelling Use.* The Borough shall provide the following exemptions to the extent permitted by law and by the provisions of these sections.

1. Exemptions for Improvements to or Construction of and Conversion to **Dwellings and** Multiple Dwellings.

~~**(a) There shall be an exemption from taxation of improvements to dwellings. In determining the value of real property, the Borough shall regard up to twenty-five thousand (\$25,000.00) dollars of the assessor's full and true value of improvements for each dwelling unit primarily and directly affected by the improvement in any dwelling more than twenty (20) years old, as not increasing the value of the property for a period of five (5) years. 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.**~~

(b) (a) There shall be an exemption from taxation of improvements to multiple dwellings or of conversions of other buildings and structures, including unutilized public buildings, to dwelling use or both.

(1) Tax exemptions for improvements to multiple dwellings shall only be available if the number of units within the multiple dwelling complies with current zoning restrictions either at the time of the improvements or as a result of the improvements.

(2) Conversions of structures to multiple dwelling use shall not be eligible for the exemptions provided herein.

(3) In determining the value of real property, the Borough shall regard the assessor's full and true value of improvements for each dwelling unit primarily and directly affected by the improvement in any dwelling more

than twenty (20) years old, as not increasing the value of the property for a period of five (5) years. 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 multiple dwelling through action of the elements sufficient to warrant a reduction.

~~**(c) There shall be an exemption from taxation of the following portion of the assessed valuation of construction of new dwellings or of conversions of other buildings and structures, including unutilized public buildings, to dwelling use or both, provided that, as a result of the construction or conversion, the structure is in compliance with the current Zoning Code. In determining the value of the real property, the Borough shall regard the following percentages of the assessor's full and true value of the property as exempt from taxation for a total of five (5) years notwithstanding that the value of the property upon which the construction or conversion occurs is increased thereby.**~~

<u>(1)</u>	<u>Year One:</u>	<u>30%</u>
<u>(2)</u>	<u>Year Two:</u>	<u>24%</u>
<u>(3)</u>	<u>Year Three</u>	<u>18%</u>
<u>(4)</u>	<u>Year Four</u>	<u>12%</u>
<u>(5)</u>	<u>Year Five</u>	<u>6%</u>

2. Improvements to Commercial and Industrial Structures. There shall be an exemption from taxation of improvements to all commercial and industrial structures within the Borough. In determining the value of real property, the Borough shall regard up to the assessor's full and true value of the improvements as not increasing the value of the property for a period of five (5) 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 structure through action of the elements sufficient to warrant a reduction.

f. *Tax Agreements for Exemption for Construction of Commercial or Industrial Structures or Multiple Dwellings.* Applicants for exemption from taxation for construction of commercial structures, industrial structures or multiple dwellings shall comply with the following procedures:

1. Complete an application that provides the Governing Body with all information required by N.J.S.A. 40A:21-9 and its amendments or supplements.
2. After the Governing Body adopts an ordinance authorizing a tax agreement for the particular project for which the application has been made, enter into an agreement with the Governing Body for tax exemption which shall provide the

applicant to pay the Borough of Highlands in lieu of full property tax payments an amount annually to be computed by the tax phase-in basis set forth in N.J.S.A. 40A:21-10(c) and below:

- (a) In the first full year after completion, no payment in lieu of taxes otherwise due;
- (b) In the second full year after completion, an amount not less than twenty (20%) percent of taxes otherwise due;
- (c) In the third full year after completion, an amount not less than forty (40%) percent of taxes otherwise due;
- (d) In the fourth full year after completion, an amount not less than sixty (60%) percent of taxes otherwise due;
- (e) In the fifth full year after completion, an amount not less than eighty (80%) percent of taxes otherwise due.

The Governing Body shall not be required to enter into any agreement if the applicant does not agree to the same formula that the Borough determines is in the best interest of the Borough.

SECTION II. SEVERABILITY. If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason held to be unconstitutional or invalid, such decision shall not affect the remaining portions of this Ordinance, which shall otherwise remain in full force and effect.

SECTION III. REPEALER. All ordinances or parts of ordinances inconsistent herewith are hereby repealed to the extent of such inconsistency.

SECTION IV. EFFECTIVE DATE. This ordinance shall take effect immediately upon its passage and publication in accordance with law.

Motion to introduce O-18-05

	INTROUCED	SECONDED	AYE	NAY	ABSTAIN	ABSENT
BRASWELL	X		X			
BROULLON			X			
D'ARRIGO			X			
RYAN			X			
O'NEIL		X	X			

I, Bonnie Brookes, Municipal Clerk of the Borough of Highlands, in the County of Monmouth, State of New Jersey, hereby certify this to be a true copy of the action of the Governing Body, at its Council Meeting, held February 21, 2018. WITNESS my hand this 22nd day of February 2018.

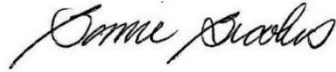


Bonnie Brookes, RMC
Municipal Clerk

MOTION to adopt O-18-07:

	INTROUCED	SECONDED	AYE	NAY	ABSTAIN	ABSENT
BRASWELL			X			
BROULLON	X		X			
D'ARRIGO			X			
RYAN			X			
O'NEIL		X	X			

I, Bonnie Brookes, Municipal Clerk of the Borough of Highlands, in the County of Monmouth, State of New Jersey, hereby certify this to be a true copy of the action of the Governing Body, at its Council Meeting, held March 21st 2018. WITNESS my hand this 22nd day of March 2018.



Bonnie Brookes, RMC
Municipal Clerk