



BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH

ORDINANCE 20-06

An Ordinance Amending Section 2-8.5 of the Borough Code to Clarify Eligibility of New Construction of Certain 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 of dwellings, multiple dwellings, and commercial and industrial structures for tax exemptions or abatements in areas in need of rehabilitation; and

WHEREAS, the governing body of the Borough of Highlands wishes to clarify the tax exemption for new construction of single family homes provided by Ordinance 19-13.

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***).

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.* New Construction of four (4) or more single family homes that are constructed ***by the same property owner*** on contiguous lots, 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 Multiple Dwellings, Conversions of Other Buildings to Multiple Dwelling Use or the Construction of Four (4) or More Single Family Homes that are Constructed by the Same Property Owner on Contiguous Lots.* 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 Multiple Dwellings or New Construction of four (4) or more single family homes that are constructed by the same property owner on contiguous lots.

(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.

(b) There shall be an exemption from taxation for improvements of the assessed valuation of the new construction of four (4) or more single family homes that are constructed by the same property owner on contiguous lots, provided that the construction is in compliance with the current Zoning Code. In determining the value of the improvements, the Borough shall regard the following percentages of the assessor's full and true value of the improvements as exempt from taxation for a total of five (5) years. The exemption period and annual percentage is set forth below:

(1) Year One: 30% of the improvements.

(2) Year Two: 24% of the improvements.

- (3) Year Three: 18% of the improvements.
- (4) Year Four: 12% of the improvements.
- (5) Year Five: 6% of the improvements.

In accordance with N.J.S.A. 40A:21-5(d), the annual amount of the abatement shall not exceed 30% of the total cost of the construction and the total amount of the abatements granted to any single property shall not exceed the total cost of construction.

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.

First Reading and Set Hearing Date for O-20-06 for February 19, 2020

| | INTRODUCED | SECOND | AYE | NAY | ABSTAIN | ABSENT |
|----------|------------|--------|-----|-----|---------|--------|
| BRASWELL | | | X | | | |
| MAZZOLA | | | X | | | |
| RYAN | | X | X | | | |
| VALKOS | | | X | | | |
| BROULLON | X | | X | | | |

This is a Certified True copy of the Original Resolution on file in the Municipal Clerk's Office.

DATE OF VOTE: 02/05/2020


Matthew Conlon, RMC, Municipal Clerk

Public Hearing and Adoption February 19, 2020 Ordinance 20-06

| | INTRODUCED | SECOND | AYE | NAY | ABSTAIN | ABSENT |
|----------|------------|--------|-----|-----|---------|--------|
| BRASWELL | | | X | | | |
| MAZZOLA | | X | X | | | |
| RYAN | | | X | | | |
| VALKOS | | | X | | | |
| BROULLON | X | | X | | | |

This is a Certified True copy of the Original Resolution on file in the Municipal Clerk's Office.

DATE OF VOTE: 02/19/2020


Matthew Conlon, RMC, Municipal Clerk

