



## Legislation Details (With Text)

**File #:** 23-1651      **Version:** 1      **Name:** Ordinance: Reinstating Title 5, Finance and Taxation, Chapter 23, 5 Year Tax Exemption and Abatement for multiple dwellings, commercial and industrial structures

**Type:** Ordinance      **Status:** Returned to Administration

**File created:** 10/16/2023      **In control:** Law

**On agenda:** 11/1/2023      **Final action:** 1/24/2024

**Title:** AN ORDINANCE AMENDING TITLE X, FINANCE AND TAXATION, CHAPTER 23, FIVE-YEAR TAX EXEMPTION AND ABATEMENT, OF THE REVISED GENERAL ORDINANCES OF THE CITY OF NEWARK, NEW JERSEY, 2000, AS AMENDED AND SUPPLEMENTED, BY AMENDING MULTIPLE SECTIONS AND REINSTATING THE GRANTING OF FIVE YEAR TAX EXEMPTIONS AND ABATEMENTS FOR MULTIPLE DWELLINGS, COMMERCIAL AND INDUSTRIAL STRUCTURES.

No Action Taken 6F-c 111323  
Deferred 6F-c 112123  
Deferred 6F-a 120623  
Deferred 6F-a 122023  
Deferred 6F-a 011024

**Sponsors:**

**Indexes:**

**Code sections:**

Date	Ver.	Action By	Action	Result
1/24/2024	1	Municipal Council	Returned to Administration	Pass
1/10/2024	1	Municipal Council	Defer	Pass
12/20/2023	1	Municipal Council	Defer	Pass
12/6/2023	1	Municipal Council	Defer	Pass
11/21/2023	1	Municipal Council	Defer on First Reading	Pass
11/1/2023	1	Municipal Council	Advance to First Reading	Pass

**AN ORDINANCE AMENDING TITLE X, FINANCE AND TAXATION, CHAPTER 23, FIVE-YEAR TAX EXEMPTION AND ABATEMENT, OF THE REVISED GENERAL ORDINANCES OF THE CITY OF NEWARK, NEW JERSEY, 2000, AS AMENDED AND SUPPLEMENTED, BY AMENDING MULTIPLE SECTIONS AND REINSTATING THE GRANTING OF FIVE YEAR TAX EXEMPTIONS AND ABATEMENTS FOR MULTIPLE DWELLINGS, COMMERCIAL AND INDUSTRIAL STRUCTURES.**

No Action Taken 6F-c 111323  
Deferred 6F-c 112123  
Deferred 6F-a 120623  
Deferred 6F-a 122023  
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**WHEREAS**, the Municipal Council adopted Ordinance 6PSF-I(S) on June 21, 2022 (the "Repealing Ordinance), repealing the granting of Five Year Tax Exemptions and Abatements for Multiple Dwellings, Commercial and Industrial Structures; and

**WHEREAS**, after further review and consideration, the Repealing Ordinance had unintended consequences to residents, property owners, and business owners of the City of Newark (the "City"); and

WHEREAS, the Municipal Council finds it in the best interest of the City to reinstate the Five Year Exemptions and Abatements for Multiple Dwellings, Commercial and Industrial Structures.

**NOW, THEREFORE, BE IT ORDAINED BY THE MUNICIPAL COUNCIL OF THE CITY OF NEWARK, NEW JERSEY, THAT:**

Note: Additions are shown in Bold and Underlined. Deletions are shown in ~~Strikeouts~~.

SECTION 1. Title X, Finance and Taxation, Chapter 23, Five-Year Tax Exemption and Abatement, of the Revised General Ordinances of the City of Newark, New Jersey, 2000, is amended and supplemented, to amend multiple sections and reinstating the granting of five-year tax exemptions and abatements for multiple dwellings, commercial and industrial structures as follows:

**CHAPTER 23, Five-Year Tax Exemption and Abatement**

**§ 10:23-1 STATEMENT OF INTENTION.**

The City of Newark pursuant to N.J.S.A. 40A:21-1 et seq., makes known its intention to utilize the tax exemption and abatement provision authorized by the State legislature to provide five year exemptions and abatements for residential structures, and commercial projects as defined herein.

**§ 10:23-2 DEFINITIONS.**

**COMMERCIAL OR INDUSTRIAL STRUCTURE**

Shall mean a structure or part thereof used for the manufacturing, processing or assembling of material or manufactured products, or for research, office, industrial, commercial, retail, recreational, hotel or motel facilities, or warehousing purposes, or for any combination thereof, which the Governing Body determines will tend to maintain or provide gainful employment within the municipality, assist in the economic development of the municipality, maintain or increase the tax base of the municipality and maintain or diversify and expand commerce within the municipality. It shall not include any structure or part thereof used or to be used by any business relocated from another qualifying municipality.

**CONSTRUCTION**

Shall mean the provision of a new dwelling, multiple dwelling or commercial or industrial structure, or the enlargement of the volume of an existing multiple dwelling or commercial or industrial structure by more than 30%, but shall not mean the conversion of an existing building or structure to another use.

**COST**

Shall mean when used with respect to abatements for dwellings or multiple dwellings, only the cost or fair market value of direct labor and materials used in improving a multiple dwelling, or of converting another building or structure to a multiple dwelling, or of constructing a dwelling, or of converting another building or structure to a dwelling, including any architectural, engineering, and contractor's fees associated therewith, as the owner of the property shall cause to be certified to the Tax Assessor of the City of Newark by an independent and qualified architect, following the completion of the project.

**IMPROVEMENT**

Shall mean a modernization, rehabilitation, renovation, alteration or repair which produces a physical change in an existing building or structure that improves the safety, sanitation, decency or attractiveness of the building or structure as a place for human habitation or work, and which does not change its permitted use. In the case of a multiple dwelling, it includes only improvements which affect common areas or elements, or three or more dwelling units within the multiple dwelling. In the case of a multiple dwelling or commercial or industrial structure, it shall not include ordinary painting, repairs and replacement of maintenance items, or an enlargement of the volume of an existing structure by more than 30%. In no case shall it include the repair of

fire or other damage to property for which payment of a claim was received by any person from an insurance company at any time during the three-year period immediately preceding the filing of an application pursuant to this act.

**MULTIPLE DWELLING**

**Shall mean a building or structure meeting the definition of "multiple dwelling" set forth in the "Hotel and Multiple Dwelling Law," N.J.S.A. 55:13A-1 et seq., and means for the purpose of improvement or construction of the "general common elements" and "common elements" of a condominium, a cooperative, or a horizontal property regime.**

**NEW CONSTRUCTION**

Shall mean any construction or development of residential, **commercial, or industrial** building on vacant land, or the demolition of existing structures on real property and the construction or development of a new structure on the previously developed real property.

§ 10:23-3 ELIGIBLE PROPERTY.

Properties outside of non-applicable areas where the owner(s) seek to newly construct dwellings, **multiple dwellings, commercial, or industrial structures**, and properties outside of non-applicable areas where the owner(s) seek to construct improvements to dwellings, **multiple dwellings, commercial, or industrial structures** that are located outside of the non-applicable areas of City of Newark are entitled to avail themselves of the opportunity to receive a five-year tax exemption and/or tax abatement as provided in this chapter when the qualifications are met as follows:

- a. All real estate taxes must be current;
- b. Written application to the Tax Assessor shall be filed within 30 days, including Saturdays and Sundays, following completion of the improvements, and the form of the application shall contain requirements set forth in N.J.S.A. 40A:21-9;
- c. Approval by the Assessor in accordance with the requirements set forth in this ordinance; ~~and~~;
- d. Submission by applicant of a Certificate of Occupancy; ~~and~~;
- e. A Five Year Financial Agreement between the City and the Applicant is executed.**

§ 10:23-4 APPLICATION FEE.

No application for Tax Exemption and Abatement submitted pursuant to this chapter shall be accepted unless it is accompanied by full payment of the required application fee. Such fees shall be in the amount of \$250 for dwellings; **and for multiple dwellings and commercial projects the fee shall be \$2,500 for all projects whose total project cost is less than \$1,000,000 and \$5,000 for all projects whose total project cost is greater than \$1,000,000 but less than \$5,000,000 and \$7,500 for all other projects.** These fees shall be received as compensation for the legal review and related work of the City's departments and agencies. All checks shall be certified and payable to the City. This application fee shall be nonrefundable.

**§ 10:23-5A EXEMPTIONS AND ABATEMENTS FOR PROJECTS CONSISTING OF NEW MULTIPLE DWELLING CONDOMINIUM HOUSING UNITS.**

In the case of construction of a **multiple dwelling** projects consisting of condominium housing units, or of conversions of other buildings and structures, including unutilized public buildings, to condominium housing use, or both, the owner of such property may apply for an exemption and abatement in respect of such project, stating separately (i) the "common elements" of such condominium as defined pursuant to the "Condominium Act," P.L. 1969, c.257 (C.46:8B-1 et seq.) and (ii) each proposed condominium housing unit which is intended to be subsequently conveyed by the applicant to an individual owner thereof (each, an "Eligible Property"). Such application shall be made in accordance with the provisions of N.J.S.A. 40A:21-9, and upon approval by the Assessor authorizing the tax abatement and/or exemption for the project, the applicant (or, if an Eligible Property shall have been conveyed to an individual owner thereof and the requirements of

the following paragraph have been satisfied, such owner) shall, in lieu of full property tax payments on the Eligible Property, pay to the municipality an amount annually equal to the following percentage of taxes otherwise due:

- a. In the first full tax year after completion, no payment in lieu of taxes otherwise due on the Eligible Property;
- b. In the second tax year, an amount not less than 20% of taxes otherwise due on the Eligible Property;
- c. In the third tax year, an amount not less than 40% of taxes, otherwise due on the Eligible Property;
- d. In the fourth tax year, an amount not less than 60% of taxes, otherwise due on the Eligible Property; and
- e. In the fifth tax year, an amount not less than 80% of taxes otherwise due on the Eligible Property.

If the applicant shall transfer ownership of an Eligible Property during the term of the applicable the tax abatement and/or exemption, or if any transferee shall thereafter again transfer such ownership, the Municipal Council hereby determines that, in the absence of information to the contrary, each such subsequent owner shall continue to use the property pursuant to conditions which qualified the property for its abatement and/or exemption, and the tax abatement and/or exemption relating thereto shall be deemed to be assigned to and assumed by each such subsequent owner. Accordingly, the abatement and/or exemption shall continue notwithstanding such transfer and shall remain in effect during the original term thereof.

No exemption or abatement shall be granted under this Section **10:23-5A** more than ten years following the date of final adoption of this amendment to Section **10:23-5A** of this chapter.

All other provisions of N.J.S.A. 40A:21-8 through N.J.S.A. 40A:21-13 shall be applicable to any exemption and abatement granted pursuant to this Section **10:23-5A**.

Any applications on file for such abatements or exemptions, on January 1, 2019, to the date of enactment of this section (Ord. No. 6PSF-M, 11-18-2020), shall be eligible for consideration. However, the abatement or exemption shall not obligate the City to pay a refund of any taxes paid. Any adjustments to the assessment for each property shall be made by the Tax Assessor and credits applied to the account for the applicable property.

#### § 10:23-5B EXEMPTIONS AND ABATEMENTS FOR MULTIPLE DWELLINGS.

Exemptions and abatements from taxation shall be permitted within the City other than the Non-Applicable Areas for improvements to Multiple Dwellings.

Categories of improvements eligible for the abatement or exemption shall be approved on an individual basis after review, evaluation, and approval of each application by the Assessor.

Applicants shall provide a completed application containing information set forth in N.J.S.A. 40A:21-9 for the applicant to pay to the City in lieu of full property tax payments an amount annually to be computed as set forth in N.J.S.A. 40A:21A-6.

Notwithstanding that the value of the property to which the improvements or conversion alterations are made is increased, in determining the value of the real property, the City shall regard the Tax Assessor's full and true value of the improvements as not increasing the value of the property for a period of five years (0% increase to the value of the property for the improvements or alterations for a period of five years). The assessment on any property granted an exemption pursuant to this Section shall not be less than the assessment on the property existing immediately prior to the improvements or conversion.

Any adjustments to the assessment for each property shall be made by the Tax Assessor and credits applied to the account for the applicable property.

#### § 10:23-5C EXEMPTIONS AND ABATEMENTS FOR COMMERCIAL AND INDUSTRIAL STRUCTURES.

Exemptions and abatements from taxation shall be permitted within the City other than the Non-Applicable Areas for improvements to Commercial and Industrial structures.

Categories of improvements eligible for the abatement or exemption shall be approved on an individual basis after review,

evaluation, and approval of each application by the Tax Assessor.

Applicants shall provide a completed application containing information set forth in N.J.S.A. 40A:21-9 for the applicant to pay to the City in lieu of full property tax payments an amount annually to be computed as set forth in N.J.S.A. 40A:21A-7.

Notwithstanding that the value of the property to which the improvements or conversion alterations are made is increased, in determining the value of the real property, the City shall regard the Tax Assessor's full and true value of the improvements as not increasing the value of the property for a period of five year (0% increase to the value of the property for the improvements or alterations for a period of five years). The assessment on any property granted an exemption pursuant to this section shall not be less than the assessment on the property existing immediately prior to the improvements or conversion.

Any adjustments to the assessment for each property shall be made by the Tax Assessor and credits applied to the account for the applicable property.

**§ 10:23-5D EXEMPTIONS AND ABATEMENTS FOR NEW CONSTRUCTION OF DWELLINGS, MULTIPLE DWELLINGS, COMMERCIAL, AND INDUSTRIAL STRUCTURES.**

Exemptions and abatements from taxation shall be permitted within the City other than the Non-Applicable Areas for New Construction of Dwellings, and Projects **Multiple Dwellings, Commercial and Industrial structures.**

**Categories of improvements eligible for the abatement or exemption shall be approved on an individual basis after review, evaluation, and approval of each application by the Tax Assessor.**

Applicants shall provide a completed application containing information set forth in N.J.S.A. 40A:21-10 for the applicant to pay to the City in lieu of full property tax payments an amount annually to be computed by the following formulas:

- a. **Costs Basis (2% of cost of construction),**
- b. **Gross Revenue Basis (15% of the annual gross revenues from the Project) or**
- c. Tax Phase-in Basis (0% payment in lieu of taxes in year one, 20% payment in lieu of taxes in year two, 40% payment in lieu of taxes in year three, 60% payment in lieu of taxes in year four, 80% payment in lieu of taxes in year five) as set forth in N.J.S.A. 40A:21A-10.

Any applications on file for such abatements or exemptions, on January 1, 2019 to the date of enactment of this section (Ord. No. 6PSF-M, November 18, 2020), shall be eligible for consideration. However, the abatement or exemption shall not obligate the City to pay a refund of any taxes paid. Any adjustments to the assessment for each property shall be made by the Tax Assessor and credits applied to the account for the applicable property.

§ 10:23-6 APPLICATION PROCEDURES.

Applicants for tax exemption and abatement shall provide the Department of Finance, Office of the Tax Assessor with an application setting forth:

- i. **If the project is a commercial or industrial structure, a description of any lease agreements between the applicant and proposed users of the project, and a history and description of the users' businesses.**

**FINANCIAL AGREEMENT.**

**Each approved tax exemption and/or abatement pursuant to Chapter 10:23, Five-Year Tax Exemption and Abatement, shall be evidenced by a Financial Agreement between the City of Newark and the applicant. The Financial Agreement shall contain the representations that are required by this chapter, together with such other information required by the Corporation Counsel. The form of the Financial Agreement shall be approved by the Corporation Counsel and shall be on file in the Office of the City Clerk. The Financial Agreement shall provide for the applicant to pay to the municipality in lieu of full property tax payments an amount annually to be computed by the formulas as set forth in N.J.S.A. 40A:21-10.**

**SECTION 2.** All City ordinances or portions of ordinances inconsistent herewith are hereby repealed to the

extent of their inconsistency only.

**SECTION 3.** Severability. If any provision of this amendment shall be deemed unenforceable by a Court of competent jurisdiction, the remainder of the amendment shall remain in full force and effect.

**SECTION 4.** This Ordinance shall take effect upon final passage and publication in accordance with the laws of the State of New Jersey.

**SECTION 5. Codification.** This Ordinance shall be a part of the Code of the City of Newark as though codified and fully set forth therein. The City Clerk shall have this Ordinance codified and incorporated in the official copies of the Code. The City Clerk and the Corporation Counsel are authorized and directed to change any Chapter, Article and/or Section number of the Code of the City of Newark in the event that the codification of this Ordinance reveals that there is a conflict between the numbers and the existing Code, and in order to avoid confusion and possible accidental repealers of existing provisions not intended to be repealed.

### **STATEMENT**

This Ordinance amends Title 10, Finance and Taxation, Chapter 23, Five-Year Tax Exemption and Abatement restoring statutory authority of approvals of Five-Year Tax Abatements to the Assessor and repealing Five-Year Tax Abatements eligibility for multiple dwelling, commercial and industrial projects.