

ORDINANCE No. 2024-08

AN ORDINANCE OF THE BOROUGH COUNCIL OF
THE BOROUGH OF KEYPORT, IN THE COUNTY OF
MONMOUTH, STATE OF NEW JERSEY AMENDING
BOROUGH CODE CHAPTER XII, SECTION 12-8
AUTHORIZING FIVE-YEAR TAX EXEMPTIONS FOR
IMPROVEMENTS TO DWELLINGS PURSUANT
TO *N.J.S.A. 40A:21-1 ET AL.* AS WELL AS AMENDING
BOROUGH CODE CHAPTER XII, SECTION 12-16
AUTHORIZING FIVE-YEAR TAX EXEMPTIONS FOR
IMPROVEMENTS TO MULTIPLE DWELLINGS AND
COMMERCIAL OR INDUSTRIAL STRUCTURES
PURSUANT TO *N.J.S.A. 40A:21-1 ET AL.*

WHEREAS, the Borough of Keyport, in the County of Monmouth, New Jersey (the “**Borough**”), a public body corporate and politic of the State of New Jersey, is authorized pursuant to the Local Redevelopment and Housing Law, *N.J.S.A. 40A:12A-1 et seq.* (the “**Redevelopment Law**”) to determine whether certain parcels of land within the Borough constitute an area in need of rehabilitation or an area in need of redevelopment; and

WHEREAS, pursuant to the Five-Year Exemption and Abatement Law, *N.J.S.A. 40A:21-1 et seq.* (the “**Five Year Law**”), improvements to property located within an area in need of rehabilitation or redevelopment may qualify for short term tax exemptions, to incentivize private industry to invest capital in real property, to establish commercial and industrial centers, to aid homeowners in improving their property, and to general property purchases to ensure stable rates; and,

WHEREAS, pursuant to the Five Year Law, on May 21, 1979, the Monmouth County Planning Board adopted a resolution determining that the housing stock of the Borough is in need of rehabilitation; and

WHEREAS, the Borough Council adopted Chapter XII, Building and Housing Regulations, Section 12-8 of the Borough Code (the “**Residential Exemption**”), which authorized short-term tax exemptions for the improvement of dwelling units twenty (20) or more years of age within the Borough as authorized under the Five Year Law; and

WHEREAS, the Borough Council adopted Chapter XII, Building and Housing Regulations, Section 12-16 of the Borough Code (the “**Commercial Exemption**”), which designated the Borough as an area in need of rehabilitation and authorized short-term tax exemptions for the improvement of multiple dwelling, commercial property or industrial structures more than twenty (20) years of age within the Borough as authorized under the Five Year Law; and

WHEREAS, the Borough Council adopted Chapter XII, Building and Housing Regulations, Section 12-8 and Section 12-16 to authorize, ratify, and validate tax exemptions for improvements to dwellings, multiple dwellings, and commercial and industrial structures, and for new construction of the same; and,

WHEREAS, the Borough Council desires to amend Chapter XII, Building and Housing Regulations, Sections 12-8.3, 12-16.6, 12-16.7, and 12-16.8, to remove the tax abatement/exemptions afforded to new construction and edit the titles of Section 12-8 and Section 12-6 to incorporate the aforementioned amendments;

NOW THEREFORE BE IT ORDAINED, by the Borough Council of the Borough of Keyport, in the County of Monmouth, New Jersey, as follows:

Section 1. The aforementioned recitals are incorporated herein as though fully set forth at length herein.

Section 2. Chapter XII, Building and Housing Regulations, of the Borough Code shall be amended as follows

[NOTE TO CODIFIER: Additions are underlined and deletions as ~~strikeouts~~.]

~~§ 12-8 TAX EXEMPTION FOR IMPROVEMENTS AND NEW CONSTRUCTION OF DWELLINGS.~~

~~§ 12-8.3. Tax exemption for new construction. [Ord. No. 12-79 ; amended 7-24-2018 by Ord. No. 13-18]~~

~~Upon review and evaluation by the Tax Assessor and the Tax Assessor's recommendation to the governing body, the governing body may by resolution approve an exemption of some 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. If the Borough and the applicant enter into a tax agreement for an exemption under this section, such agreement shall be approved by ordinance.~~

~~In determining the valuation of real property, the Borough shall regard up to 30% of the Tax Assessor's full and true value of the dwelling constructed, or conversion alterations made, as not increasing the value of such property for a period of up to five years, notwithstanding that the value of the property on which the construction or conversion occurs is increased thereby; provided that, during the five year period, the assessment on such dwelling shall in no case, except that of damage through action of the elements sufficient to warrant a reduction, be less than the assessment thereon existing immediately prior to the construction or conversion of the dwelling unit.~~

~~The exemption period and annual percentage of the exemption shall be determined on an individual basis. The annual percentage of the exemption may be defined in a schedule that exempts from taxation a different percentage, up to 30%, for each year of the exemption period.~~

§ 12-16. TAX EXEMPTIONS FOR IMPROVEMENTS AND NEW CONSTRUCTION: MULTIPLE DWELLINGS, COMMERCIAL STRUCTURES, AND INDUSTRIAL STRUCTURES.

~~§ 12-16.6. Tax exemption for newly constructed multiple dwellings, commercial and industrial structures. [Ord. No. 16-02 ; amended 7-24-2018 by Ord. No. 13-18]~~

~~The Borough may enter into written agreements with applicants for tax exemption for new construction of commercial or industrial structures or multiple dwellings. All tax agreements shall be applied for and granted on an individual basis and shall be approved by ordinance of the governing body.~~

~~§ 12-16.7. Applications for tax agreements for new construction, requirements. [Added 7-24-2018 by Ord. No. 13-18]~~

All applications shall be submitted pursuant to the Five-Year Exemption and Abatement Law.

~~§ 12-16.8. Formula for payments under tax agreements for new construction. [Added 7-24-2018 by Ord. No. 13-18.]~~

~~a. An agreement shall provide for the applicant to pay to the Borough, in lieu of full property tax payments, an amount annually to be computed by one, but in no case a combination, of the following formulas:~~

~~1. 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. 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.~~

~~2. 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 the 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.~~

~~3. Tax phase-in basis: The agreement shall provide for the applicant to pay to the Borough in lieu of full property tax payments an amount equal to a percentage of taxes otherwise due, according to the following schedule:~~

- ~~(a) In the first full year after completion, no payment in lieu of taxes otherwise due;~~
~~(b) In the second tax year, 20% of taxes otherwise due;~~
~~(c) In the third tax year, 40% of taxes otherwise due;~~
~~(d) In the fourth tax year, 60% of taxes otherwise due; and~~
~~(e) In the fifth tax year, 80% of taxes otherwise due.~~

~~b. The formula provided for in a tax agreement under this section shall be determined on an individual basis~~

Section 3. The effective date for this Ordinance shall be July 1, 2024, and any applications for five-year exemption and/or abatement for new construction filed prior to the effective date will have no effect unless those applications for exemption and/or abatement were filed within 30 days of completion of construction, improvements, conversion, alteration or alteration. Only under those limited circumstances may a five-year exemption and/or abatement for new construction may be considered by the tax assessor and presented to the governing body for approval.

Section 4. The Borough Tax Collector shall include a notice in the mailing of the annual property tax bills to each owner of the properties where exemptions are authorized pursuant to this Ordinance, advising such property owners of same before the end of the first year following adoption of this Ordinance.

Section 5. The Borough Clerk shall forward copies of all tax agreements to the Director of the Division of Local Government Services in the Department of Community Affairs as prescribed by the Five Year Law.

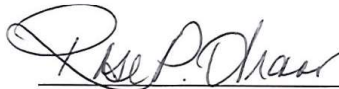
Section 6. If any part of this Ordinance shall be deemed invalid, such parts shall be severed and the invalidity thereby shall not affect the remaining parts of this Ordinance.

Section 7. This Ordinance shall take effect upon final passage and publication in accordance with law and shall be in effect for ten (10) years thereafter, unless amended by the Borough Council.

Introduced: June 25, 2024
Public Hearing: July 16, 2024
Adopted: July 16, 2024



Michele Clark, RMC
Borough of Keyport



Mayor Rose Araneo
Borough of Keyport