

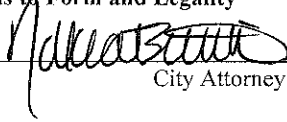
ORDINANCE

No. 10-52


1st Reading OCT 05 2010
Public Hearing _____
2nd Reading & Passage _____
Withdrawn _____ Lost _____

Date to Mayor _____
Date Returned _____
Date Resubmitted to Council _____

Approved as to Form and Legality


City Attorney

Factual content certified by


Title Henrietta Owusu, AICP, Acting Director
Department of Housing and Economic Development

Councilman /woman _____

presents the following Ordinance:

**ORDINANCE APPROVING AN APPLICATION FROM L & F URBAN
RENEWAL PROPERTIES GRANTING A LONG-TERM TAX EXEMPTION
PURSUANT TO N.J.S.A. 40A:20-1 ET SEQ.**

WHEREAS, L & F Urban Renewal Properties, 1201 Brunswick Avenue, Trenton, New Jersey, 08648 is interested in purchasing a portion of city-owned vacant land at 637 North Olden Avenue; and

WHEREAS, said property is located in the Route One Industrial Redevelopment Area; and

WHEREAS, L & F Urban Renewal Properties has made an application to the City of Trenton for a long-term exemption pursuant to N.J.S.A. 40A:20-1 et seq., a copy of which is attached hereto as Exhibit A; and

WHEREAS, L & F Urban Renewal Properties has provided evidence that it has formed the appropriate urban renewal entity to be eligible to receive a long-term exemption; and

WHEREAS, L & F Urban Renewal Properties understands that they will pay full taxes on the land for this approximate two acre parcel at 637 North Olden Avenue; and

WHEREAS, a long-term tax exemption is necessary to make the subject project competitive with suburban industrial development alternatives.

NOW, THEREFORE, IT IS ORDAINED by the City Council of the City of Trenton, as follows:



DEPARTMENT OF HOUSING AND ECONOMIC DEVELOPMENT
CITY OF TRENTON

319 EAST STATE STREET * TRENTON, NEW JERSEY 08608 * (609) 989-3518

MEMORANDUM

To: Andrew McCrosson, Business Administrator

From: J.R. Capasso, Economic Development Director

Via: Henrietta Owusu, Acting Director - Department of Housing and Economic Development

Re: ORDINANCE APPROVING AN APPLICATION FROM L & F URBAN RENEWAL PROPERTIES GRANTING A LONG-TERM TAX EXEMPTION PURSUANT TO N.J.S.A. 40A:20-1 ET SEQ.

Date: September 8, 2010

The attached resolution approves an application from L & F Urban Renewal Properties granting a long-term tax exemption. The development, which would take place at a portion of the former Kramer Site (637 North Olden Avenue), would feature the creation of a two acre industrial facility that would house The Standard Roofing Group.

L& F has completed the necessary application work for a long term tax abatement. Please find that document which details the general terms and conditions by which the City and L & F can then enter into a financial agreement. In summarizing these terms, the developer would pay 15% of gross revenue during a 20 year abatement. Specifically, the payment schedule would bring \$16,500 for the first 15 years of the abatement, excluding full taxes on the land (the approximate tax revenue from the land would be an additional \$5,000 per year). In years 16-20, the developer would pay an escalating 20% increment scale per year based on the total amount of taxes otherwise due on the value of the land and improvements comprising the project. After year 20, the developer would pay full taxes at that location.

As you are aware, the Department has put forth a subsequent ordinance for the sale and execution of the disposition agreement to L & F Urban Renewal Properties for the approximate, 2 acres of the 6.5 acre site.

The Department would like this ordinance to appear at the same Council meeting as the ordinance for the sale and execution of the disposition agreement to L& F Urban Renewal Properties.

Thank you.

CITY OF TRENTON
DEPARTMENT OF HOUSING AND ECONOMIC DEVELOPMENT

Application for Tax Exemption pursuant to N.J.S.A. 40A:20-1 et seq.

L + F URBAN RENEWAL PROPERTIES OR ASSIGNS
STANDARD ROOFING URBAN RENEWAL LLC

hereby applies for a tax exemption pursuant to N.J.S.A. 40A:20-1 et seq., with respect to KRAMER SITE

SECTION I.

DEVELOPER INFORMATION L + F URBAN RENEWAL
PROPERTIES OR ASSIGNS
STANDARD ROOFING URBAN RENEWAL LLC

Name of Developer

KAIGLE REALTY & DEVELOPMENT LLC

Address of Developer

1201 BRUNSWICK AVE
TRENTON N.J. 08648

Telephone Number

609-599-3812 Fax Number 609-599-4607

Type of Organization

Non-profit For-profit
 Urban Renewal Limited Partnership

SECTION II.

PROJECT-RELATED INFORMATION

Address of Project: NORTH OLDEN AVE / ST JOE'S ST

Block Number:	Lot Number:

FORMER KRAMER SITE

Type of Construction

- New Construction
- Substantial Rehabilitation
- Conversion
- Other _____

Anticipated Start Date: DECEMBER 2010
 Anticipated Date of Completion: SEPTEMBER 2011

Project Narrative:

DEVELOPMENT OF A MODERN 20,000 SQ FT
 DISTRIBUTION FACILITY TO BE USED BY
 THE STANDARD ROOFING CO.

Describe the Project Area. If project is in a redevelopment area, describe how the project meets the objective of the redevelopment plan. Attach a tax map or maps clearly showing project location.

OLD INDUSTRIAL AREA BOUNDED BY
 ROUTE 1 AND NORTH OLDEN AVE.
 VACANT INDUSTRIAL LAND.

Describe the population that will benefit from the housing project:

THIS PROJECT WILL CREATE JOB
 OPPORTUNITIES IN THE IMMEDIATE
 AREA.

DEVELOPMENT BUDGET

FUNDING SOURCES

Land/Building Cost	\$ <u>150,000</u>
Construction Cost	\$ <u>900,000</u>
Professional Fees	\$ <u>50,000</u>
Carrying Costs/Fees	\$ <u>35,000</u>
Marketing/Advertising	\$ <u> </u>
Reserves	\$ <u> </u>
Development Fee	\$ <u>30,000</u>

<u>Permanent Loan</u>	\$ <u>900,000</u>
<u>HOME Express</u>	\$ <u> </u>
<u>Equity</u>	\$ <u>265,000</u>
<u>Deferred Development Fee</u>	\$ <u> </u>
<u>Other</u>	\$ <u> </u>

TOTAL DEVELOPMENT COST

\$ 1,165,000

Please provide a statement prepared by the project architect or engineer of the estimated cost of the proposed project. If the project is to be built in phases, the statement should set forth the estimated cost of each phase.

SECTION III.

FINANCIAL TERMS

Construction Loan
 Permanent Loan
 Investor Pay-In of Capital

Interest Rate: 6 ¹/₂
 Interest Rate: 6 ¹/₂

Term: 1 YEAR
 Term: 20 YEARS

CONSTRUCTION COST (ESTIMATED)

METAL BUILDING	# 200,000
ERECTOR	175,000
SPRINKLER	75,000
ELECTRIC	80,000
PLUMBING	50,000
MASONRY	150,000
SITE WORK	<u>170,000</u>
<u>TOTAL COST</u>	# <u>900,000</u>

SECTION IV.

ANNUAL INCOME & OPERATING SCHEDULES

TRIPLE NET LEASE

RENTAL INCOME ABOUT \$110,000

SECTION V.

ANNUAL SERVICE CHARGE CALCULATION

Based on a percentage of gross revenue:

a.	Annual Revenue	\$ 110,000
b.	Vacancy Factor Amount (a X 5%)	\$ _____
c.	Net Income (a - b)	\$ 110,000
d.	Annual Abatement Percentage Requested	15%
e.	Amount of Payment in Lieu of Taxes (c X d)	\$ 16,500

Term of exemption requested

20 YEARS

Based on a percentage of total project cost:

a.	Total Project Cost	\$ _____
b.	Annual Abatement Percentage Requested	_____%
c.	Amount of Payment in Lieu of Taxes (a X b)	\$ _____

Term of exemption requested

SECTION VI. LEASE TERMS (attach standard lease agreement, if applicable)

A. Length of Standard Lease (Term): 10 YEARS (4) 5 YEAR options

B. Charges for Utilities and Other Services (please check):

Utility	Tenant Paid Utilities	Landlord Paid Utilities
Heat/air condition	✓	
Electric	✓	
Water/sewer	✓	
Gas	✓	
Other:	✓	
Total		

Other Services paid by the tenant in addition to rent: NONE

Parking \$ _____
Other (specify) _____ \$ _____

C. Landlord Maintenance Policy:

TRIPLE NET LEASE. TENANT RESPONSIBLE FOR ALL EXPENSES

SECTION VII.

DEVELOPER CERTIFICATION

I certify that the proposed development conforms or will conform to all applicable municipal ordinances, and that the project accords with the redevelopment plan and master plan of the municipality, and that the housing units, if any, are restricted to occupation by low and moderate-income households. I further certify that the foregoing information is true. I am aware that if any of the information provided by me is willfully false, I will be penalized.

[Developer]

By: *Lisa P. Faigle*
Lisa P. Faigle
[Name, Title]

Date: *7/24/2010*

OWNER/PARTNER
FAIGLE REALTY & DEVELOPMENT LLC
24 R URBAN RENEWAL PROPERTIES

Received by Department of Housing and Economic Development:

By: *[Signature]*
Hennetta Owusu, Acting Director

Date: *9/8/2010*