

Ordinance 2015-26

BOROUGH OF HIGHTSTOWN
COUNTY OF MERCER
STATE OF NEW JERSEY

AN ORDINANCE AMENDING AND SUPPLEMENTING THE “REVISED GENERAL ORDINANCES OF THE BOROUGH OF HIGHTSTOWN, NEW JERSEY,” IN ORDER TO ESTABLISH A NEW CHAPTER THEREOF TO BE KNOWN AS “TAX EXEMPTIONS.”

WHEREAS, the New Jersey “Five-Year Exemption and Abatement Law,” N.J.S.A. 40A:21-1, *et seq.* (the “Act”), permits municipalities to adopt an Ordinance to grant, for periods of five (5) years, exemptions or abatements, or both, from taxation relating to the construction and/or rehabilitation of certain structures within an area of the municipality delineated to be an “area in need of rehabilitation”; and

WHEREAS, the Act permits municipalities to tailor the program to its particular needs, in accordance with the provisions set forth in the Act; and

WHEREAS, the Mayor and Council of the Borough of Hightstown (the “Borough”) believe that the establishment of a program to grant exemptions from taxation relating to the rehabilitation of existing residential dwellings within the Borough, for periods of five (5) years, will constitute an effective tool to promote the rehabilitation of the Borough’s existing housing stock, and therefore that the program will benefit the residents of the Borough.

NOW, THEREFORE, BE AND IT IS HEREBY ORDAINED, by the Borough Council, that a new Chapter, to be known as “Tax Exemptions,” of the “Revised General Ordinances of the Borough of Hightstown, New Jersey,” is hereby established as follows:

TAX EXEMPTIONS.

Section 1. Intended Purposes and Objectives.

The intention of this Chapter is to effectuate and accomplish the purpose authorized by N.J.S.A. 40A:21-1, *et seq.*, which permits municipalities to grant for periods of five (5) years exemptions and/or abatements, or both, from taxation in areas of the municipality in need of rehabilitation. The intended purpose of this Chapter is to promote the improvement and/or rehabilitation of existing residential dwellings within the Borough, which will promote long-term growth and redevelopment that will positively impact the character and quality of life of the citizens of the Borough. This Chapter has been prepared in accordance with the “Five-Year Exemption and Abatement Law,” N.J.S.A. 40A:21-1, *et seq.*

Section 2. Definitions.

As used in this Chapter:

Abatement shall mean that portion of the assessed value of a property as it existed prior to

construction, improvement, or conversion of a building or structure thereon, which is exempted from taxation pursuant to this Chapter.

Area in need of rehabilitation shall mean a portion or all of the Borough which has been determined to be an area in need of rehabilitation or redevelopment pursuant to the “Local Redevelopment and Housing Law.” P.L. 1992, c. 79 (C. 40A:12A-1, *et al.*), a “blighted area” as determined pursuant to the “Blighted Areas Act.” P.L. 1949, c. 187 (C. 40:55-21-1, *et seq.*), or which has been determined to be in need of rehabilitation pursuant to P.L. 1975, c. 104 (C. 54:4-3.72, *et seq.*), P.L. 1977, c.12 (C.54:4-3.95, *et seq.*) or P.L. 1979, c. 233 (C. 54:4-3.121, *et seq.*).

Assessor shall mean the Municipal Tax Assessor serving the Borough, who is charged with the duty of assessing real property for the purposes of general taxation.

Borough shall mean the Borough of Hightstown.

Completion shall mean substantially ready for the intended use for which a building or structure is constructed, improved, or converted.

Condominium shall mean a property created or recorded as a condominium pursuant to the ‘Condominium Act,’ P.L. 1969, c. 257 (C. 46:8B-1, *et seq.*).

Construction shall mean the provision of new improvements to a dwelling located within the Borough.

Conversion or *conversion alteration* shall mean the alteration or renovation of nonresidential building or structure, or hotel, motel, motor hotel, or guest house, in such manner as to convert the building or structure from its previous use to use as a dwelling or multiple dwelling.

Cooperative shall mean a housing corporation or association, wherein the holder of a share or membership interest thereof is entitled to possess and occupy for dwelling purposes a house, apartment, or other unit of housing owned by the corporation or association, or to purchase a unit of housing owned by the corporation or association.

Dwelling shall mean a building or part of a building used, or to be used or held for use as a home or residence, including accessory buildings located on the same premises, together with the land upon which such building or buildings are erected and which may be necessary for the fair enjoyments thereof, but shall not mean any building or part of a building defined as a “multiple dwelling” pursuant to the “Hotel and Multiple Dwelling Law,” P.L. 1967, c. 76 (C. 55:13A-1, *et seq.*). A dwelling shall include, as they are separately conveyed to individual owners, individual residences within a cooperative, if purchased separately by the occupants thereof, and individual residences within a horizontal property regime or a condominium, but shall not include “general common elements” or “common elements” of such horizontal property regime or condominium as defined pursuant to the “Horizontal Property Act,” P.L. 1963, c. 168 (C. 46:8A-1, *et seq.*), or the “Condominium Act,” P.L. 1969, c. 257 (C. 46:8B-1, *et seq.*), or of a cooperative, if the residential units are owned separately.

Exemption shall mean that portion of the assessor’s full and true value of any improvement, conversion alteration, or construction not regarded as increasing the taxable value of a property pursuant to this Chapter.

Horizontal property regime shall mean a property submitted to a horizontal property regime pursuant to the “Horizontal Property Act,” P.L. 1963, c. 168 (C. 46:8A-1, *et seq.*).

Improvement shall mean a modernization, rehabilitation, renovation, alteration or repair, through construction, which produces a physical change in an existing dwelling that improves the safety, sanitation,

decency or attractiveness of the dwelling as a place for human habitation, 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 (3) or more dwelling units within the multiple dwelling. In the case of a multiple dwelling, 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 thirty (30%) percent. In no case shall it include the repair of fire or other damage to a property for which payment of a claim was received by any person from an insurance company at any time during the three (3) 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,” P.L. 1967 c. 76 (C. 55:13A-1, *et seq.*), and means for the purpose of improvement or construction the “General Common Elements” and “Common Elements” of a condominium, a cooperative, or a horizontal regime.

Section 3. Area in Need of Rehabilitation Declared.

The Borough Council hereby finds and declares that the entire area within the municipal boundaries of the Borough of Hightstown is an “area in need of rehabilitation” pursuant to the terms of this Chapter.

Section 4. Exemptions Authorized.

There is hereby authorized within the “area in need of rehabilitation” referenced above the ability of taxpayers to obtain exemption(s) from taxation as follows:

a. *Improvements to Existing Dwellings.*

1. An exemption from taxation is hereby authorized for improvements undertaken to existing dwellings within the Borough pursuant to the terms and conditions contained within this Chapter. For the purposes of this Chapter, the term “existing dwellings” shall not include the construction of new dwelling(s) on any property where the previous structure(s) or dwelling(s) on any property were demolished in their entirety or where less than sixty (60%) percent of the original square footage remains.
2. Such exemption shall be permitted for improvements made to any existing dwelling that is more than twenty (20) years old.
3. Such exemption shall be authorized to the extent of the first twenty-five thousand (\$25,000.00) dollars in Assessor’s full and true value of improvements for each existing dwelling unit primarily and directly affected by the improvements.
4. The exemption shall last for a period of five (5) years, commencing as of the date of completion of the improvements.
5. Such exemption shall permit the improvements to not increase the value of the property notwithstanding the fact that the value of the property to which the improvements are made is increased thereby.
6. During the exemption period, the assessment on the property shall not be less than the assessment existing thereon immediately prior to the improvements,

unless there is damage to the dwelling through action of the elements sufficient to warrant a reduction.

b. *Criteria for Exemption of Dwellings.*

In addition to the provisions set forth above, improvements to existing dwellings shall be eligible to receive a five-year exemption, as provided in this Chapter, upon meeting the following qualifications:

1. All real estate taxes and other municipal charges must be current.
2. The applicant must provide a Certificate of Occupancy or any other permit or approval required by the Borough.
3. The applicant must submit proof of ownership. Proof submitted must be current and valid at the time of submission.

Section 5. Determination of True Taxable Value by Assessor.

The Assessor shall determine, on October 1st of the year following the date of the completion of an improvement, the true taxable value thereof. The amount of tax to be paid for the first full tax year following completion shall be based on the assessed valuation of the property not allowed an exemption pursuant to this Chapter. The property shall continue to be treated in the appropriate manner for a period of five (5) years measured from the date of completion of the improvements.

Section 6. Additional Improvements on Exempt Properties.

There is hereby authorized within the Borough the ability of taxpayers to obtain exemption(s) from taxation relating to any additional improvement(s) completed on a property granted a previous exemption pursuant to this Chapter during the period in which such previous exemption is in effect. As such, additional improvement(s) shall be entitled to an exemption just as if such property had not received a previous exemption. In such case, the additional improvement(s) shall be considered as separate for the purposes of calculating exemptions pursuant to this Chapter.

Section 7. Applications; Filing and Approval; Form.

No exemption shall be granted pursuant to this Chapter except upon written application therefor filed with and approved by the Borough Assessor. Every application shall be on a form prescribed by the Director of the Division of Taxation in the Department of Treasury, and provided for the use of claimants by the Borough, and shall be filed with the Assessor within thirty (30) days, including Saturdays and Sundays, following the completion of the improvement. Every application for exemption which is filed within the time specified shall be approved and allowed by the Assessor to the degree that the application is consistent with the provisions of this Chapter. The granting of an exemption shall be recorded and made a permanent part of the official tax records of the Borough, which records shall contain a notice of the termination date thereof.

Section 8. Applicability of Exemption to Tax Types.

The exemption of real property taxes provided pursuant to this Chapter shall apply to property taxes levied for municipal purposes, school purposes, fire district purposes, County government purposes and for the purpose of funding any other property tax exemption.

Section 9. Annual Property Tax Bills.

During the first year following adoption of this Chapter, an appropriate notice shall be included in

the mailing of annual property tax bills to each taxpayer of the Borough notifying the public that tax exemptions may be permitted for the improvement and/or rehabilitation of existing residential dwellings within the Borough pursuant to the provisions of this Chapter. The notice shall advise the public that applications for exemption may be made immediately.

Section 10. Annual Municipal Report.

The Borough Council shall report, on or before October 1st of each year, to the Director of the Division of Local Government Services in the Department of Community Affairs and to the Director of the Division of Taxation in the Department of Treasury the total amount of real property taxes exempted within the Borough in the current tax year for improvements to existing dwellings.

Section 11. Limitation on Exemptions.

No applications shall be filed with or granted by the Borough for exemption(s) pursuant to this Chapter to take initial effect for the 11th full tax year following the initial adoption of this Chapter, or to take initial effect for any tax year occurring thereafter, unless this Chapter has been readopted by the Borough Council prior to the said 11th tax year.

Section 12. Application of Chapter.

The provisions of this Chapter shall only apply to improvements undertaken pursuant to construction permits issued by the Borough, applications for which were submitted subsequent to the effective date of this Chapter.

BE IT FURTHER ORDAINED, that all other Ordinances or parts of Ordinances inconsistent herewith are hereby repealed to the extent of such inconsistencies.

BE IT FURTHER ORDAINED, that in the event that any portion of this Ordinance is found to be invalid for any reason by any Court of competent jurisdiction, such judgment shall be limited in its effect only to that portion of the Ordinance actually adjudged to be invalid, and the remaining portions of this Ordinance shall be deemed severable therefrom and shall not be affected.

BE IT FURTHER ORDAINED, that this Ordinance shall take effect following final passage and publication in accordance with the law.

Introduced: October 19, 2015

Adopted: November 2, 2015

Debra L. Sopronyi
Municipal Clerk

Lawrence D. Quattrone
Mayor