

Township of Lawrence
County of Mercer

Ordinance No. 2417-22

**ORDINANCE OF THE TOWNSHIP OF LAWRENCE, COUNTY OF MERCER, STATE OF NEW JERSEY
APPROVING THE EXECUTION AND DELIVERY OF A FINANCIAL AGREEMENT WITH
EGGERTS CROSSING HOUSING URBAN RENEWAL, LLC REGARDING THE SUBSIDIZED
AFFORDABLE HOUSING PROJECT KNOWN AS EGGERTS CROSSING VILLAGE**

WHEREAS, the New Jersey Housing and Mortgage Finance Agency Law of 1983, as amended (N.J.S.A. 55:14K-1 et seq.) (the “**NJHMFA Law**”) and the Long Term Tax Exemption Law (N.J.S.A. 40A:20-1 et seq.) (the “**LTTE Law**”) authorize a municipality to continue a tax exemption previously granted to a State or federally subsidized affordable housing project beyond the date on which initial NJHMFA mortgage financing is fully paid, so long as the project remains subject to affordability controls pursuant to, *inter alia*, project-based federal rental assistance authorized pursuant to Section 8 of the United States Housing Act of 1937 (the “**Section 8 Regulations**”); and

WHEREAS, Eggerts Crossing Village is a 100% affordable housing project established in the Township in 1975, consisting of 100 rental units (inclusive of a superintendent unit, which is not an affordable unit) (the “**Project**”), which is situated on that certain tract of real property, consisting of approximately 25.31 acres, designated on the Township’s official Tax Map as Block 2301, Lot 28, commonly known as 175 Johnson Avenue (the “**Property**”); and

WHEREAS, the Project is currently subject to certain federal subsidies (HAP/RAD rental housing assistance payments and vouchers provided by the U.S. Department of Housing and Urban Development), which provide rental assistance payments and vouchers to qualifying low and moderate-income families residing, or who wish to reside, in the units of the Project; and

WHEREAS, the Project also is currently subject to certain State subsidies (NJHMFA mortgage financing/ NJHMFA Project No. 281), which mortgage financing imposes affordability controls on the Project with respect to the marketing and rental of its units; and

WHEREAS, the Project is currently subject to a financial agreement with the Township, entered into in 1975, providing for payment of an annual service charge for municipal services in lieu of traditional taxes for so long as the Project remained subject to the NJHMFA mortgage and associated affordability controls (the “**Existing Financial Agreement**”); and

WHEREAS, the existing NJHMFA mortgage will be fully paid in 2022, whereupon the associated affordability controls will expire pursuant to N.J.S.A. 55:14K-37b, and the Existing Financial Agreement will terminate pursuant to its terms; and

WHEREAS, upon expiration of the affordability controls associated with the NJHMFA mortgage, the units in the Project may be marketed and rented or sold as market rate units, to the detriment of families in residence at the Project and other low and moderate-income families who may wish to reside in the Township in the future; and

WHEREAS, the owner of the Project, Eggerts Crossing Housing Urban Renewal, LLC (the “Sponsor”), has represented to the Township that it is willing to continue to operate the Project as an affordable housing project, and has requested that the Township enter into a new financial agreement providing for the continued payment of an annual service charge for municipal services in lieu of traditional taxes; and

WHEREAS, the Sponsor also has represented to the Township a new financial agreement is necessary in order to enable the Sponsor to refinance the Project, and that it intends to expend at least \$2,500,000 of the proceeds of such refinancing over the next 2-3 years to make improvements to and upgrade the 47+ year old Project, including, but not limited with respect to the HVAC, plumbing and potable water systems, improved weatherization of and kitchen upgrades in the units, expansion of the community room and other improvements (the “Project Improvements”), for the benefit of the citizens residing, and who may come to reside, in the units; and

WHEREAS, as a further inducement to the Township to enter into a new financial agreement with it, the Sponsor has further represented that upon expiration of the affordability controls associated with the NJHMFA mortgage, it will accept the imposition of affordability controls consistent with the Section 8 Regulations, to be memorialized in a Declaration of Covenants, Conditions and Restrictions Implementing Affordable Housing Controls recorded in the chain of title to the Property (the “Declaration”); and

WHEREAS, the Township also desires that the Project continue to be operated as an affordable housing project for the benefit of low and moderate-income families residing, or who in the future may wish to reside in the Township, and that the Project systems and the units be improved and upgraded as aforesaid; and

WHEREAS, pursuant to Resolution No. 66-22, adopted January 18, 2022 (the “Authorizing Resolution”), the Township, with the assistance of counsel, has negotiated a new financial agreement with the Sponsor providing for payment of an annual service charge for municipal services in lieu of traditional taxes, on terms and conditions that are consistent with the provisions of the Authorizing Resolution (the “New Financial Agreement”), which has been signed by the Sponsor and requires countersignature by the Township, a copy of which is on file with the Clerk; and

WHEREAS, the New Financial Agreement provides for a term equal to 35 years from its execution and delivery by the Township, or 30 years from the completion of the Project Improvements, whichever is sooner, but also entitles the Township to terminate the agreement and the associated tax exemption if such Project Improvements are not completed within three (3) years of the execution and delivery of the agreement by the Township; and

WHEREAS, the New Financial Agreement imposes affordability controls on the units which are consistent with the requirements of the Section 8 Regulations, memorialized in the Declaration that will be filed in the chain of title to the Property, and which will remain in place for so long as the New Financial Agreement remains in place, thereby assuring the long-term continued operation of the Project as an affordable housing project; and

WHEREAS, the Township Council has determined that the benefits of the Project justify the New Financial Agreement and the associated tax exemption, and that the New Financial Agreement and associated tax exemption, and the Declaration, will facilitate the continued operation of the Project as an affordable housing project for the benefit of low and moderate-income families residing, or who may in the future wish to reside, in the Township; and

WHEREAS, the Township further finds that the New Financial Agreement and associated tax exemption will be a significant inducement for the Sponsor to complete the Project Improvements;

NOW, THEREFORE, BE IT ORDAINED by the Mayor and Township Council of the Township of Lawrence, by virtue of the authority conferred by N.J.S.A. 55:14K-37c and N.J.S.A. 40A:20-13.2, and the foregoing Recitals, that:

- 1. The New Financial Agreement is hereby approved.**
- 2. The Mayor is hereby authorized and directed to countersign the New Financial Agreement, to deliver the countersigned agreement to the Sponsor upon receipt of the executed Declaration, in recordable form, from the Sponsor, and to promptly direct counsel to record the executed Declaration.**
- 3. Executed copies of the New Financial Agreement shall be certified by and filed with the Office of the Township Clerk. The Clerk shall file certified copies of this Ordinance and the executed New Financial Agreement with the Tax Assessor of the Township, the Chief Financial Officer of Mercer County and Mercer County Counsel within ten (10) days of the execution and delivery of the New Financial Agreement by the Township.**
- 4. If any part(s) of this Ordinance shall be deemed invalid, such part(s) shall be severed and the invalidity thereof shall not affect the remaining parts of this Ordinance.**
- 5. This Ordinance shall take effect in accordance with law.**

Adopted: March 1, 2022

RECORD OF VOTE

COUNCIL	AYE	NAY	PRESENT	ABSENT	ABSTAIN	MOVE	SECOND
Mr. Bobbitt	X						
Mr. Kownacki				X			
Ms. Lewis	X					X	
Mr. Powers	X						X
Mayor Ryan	X						