## WHY REDEVELOPMENT

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<tr>
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<th>Rezone</th>
<th>Rehabilitation</th>
<th>Redevelopment</th>
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<td>Satisfy Designation Criteria (Area Study)</td>
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<td>Redevelopment Plan</td>
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<td>Build as of Right</td>
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<td>City Selects Redeveloper</td>
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<td>Maximum City Control</td>
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<td>Site Assembly Option</td>
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<td>Negotiate Community Amenities</td>
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<td>Long Term Tax Exemption Option</td>
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<td>Short Term Tax Exemption Option</td>
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<td>Active City Role</td>
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<td>Passive City Role</td>
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SUMMARY OF REHABILITATION CRITERIA

1. Significant portion of structures are deteriorated and there is a continuing pattern of vacancy, abandonment, or underutilization, with property tax arrearage;

   or

2. Greater than ½ of the housing stock is at least 50 years old;

   or

3. majority of water and sewer infrastructure is at least 50 years old and in need of repair or substantial maintenance;

   and

4. Rehabilitation may be expected to prevent further deterioration and promote overall development of the community.
SUMMARY OF REDEVELOPMENT CRITERIA

a) Generality of buildings substandard, unsafe or obsolescent – unwholesome living condition.
b) Discontinuance of use of commercial, manufacturing or industrial buildings.
c) Publicly owned land – or vacant unimproved for 10 years and it is not likely to be developed by private capital.
d) Areas with buildings or improvements that are detrimental to safety, health, morals or welfare of community.
e) Lack of proper utilization caused by title, diverse ownership or other conditions resulting in a stagnant or not fully productive condition potentially useful and valuable to serving the public health, safety and welfare.
f) Aggregate assessed value of area – 5 acres or more – has materially depreciated due to natural disaster.
g) Urban Enterprise Zone. (For limited purpose)
h) Consistent with Smart Growth planning principles adopted pursuant to law or regulation.
REDEVELOPMENT PLAN

• Hybrid – Master Plan & Zoning Ordinance
• Community Involvement Urged
• Mandatory Provisions
  Affordable Housing Inventory
  Relationship to other Plans
• Optional Provisions
  Green Building/Sustainability
  Redeveloper Selection Process
  Redeveloper Escrows to Offset City Costs
REDEVELOPMENT AGREEMENT

“Top Ten Provisions”

• Designate Redeveloper
• Project Description
• Project Schedule
• Infrastructure Improvements – Beyond Site
• Community Amenities
• Remediation Responsibility
• Tax Exemption (PILOTS) Option
• Affordable Housing
• Termination
• Default and Remedies
FINANCING OPTIONS UNDER THE REDEVELOPMENT LAW

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FINANCING OPTIONS

• Brownfields Reimbursement Program
• Environmental Financing Tools
• Urban Enterprise Zones
• Economic Recovery and Growth Grants
• Tax Exemption Statutes
• Redevelopment Area Bond Financing
ENVIRONMENTAL FINANCING TOOLS

NJ Environmental Infrastructure Trust

- Pooled loan program (Public Bodies and Conduits)
- Water and Sewer projects, acquisition of open space
- Interest rate: 25% of 50% of market rates

Hazardous Discharge Site Remediation Fund

- Environmental due diligence Grants (Public Bodies)
- Remediation Matching Grants (Public Bodies and some Private Entities)
- Remediation Loans (Private Entities)

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BROWNFIELD AND CONTAMINATED SITE REMEDIATION ACT

• Any contaminated site under DEP oversight
• Up to 75% reimbursement of remediation costs
• Reimbursement derived from larger scope of taxes (CBT, Gross Income)
• Must generate Tax
• No restriction on end use

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URBAN ENTERPRISE ZONES

• Municipal application
• Designated Zone for economic growth
• Sales of construction and building materials are EXEMPT from sales and use tax
• Lower phased-in sales and use taxes on commercial and retail sales
• UEZ receives a portion of sales and use tax revenue
• UEZ can utilize funds to benefit the businesses in the area or attract new business

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ECONOMIC RECOVERY AND GROWTH ("ERG") GRANTS

• NJ Economic Stimulus Act of 2009
• Intended to replace Revenue Allocation Districts
• Recapture of up to 75% of incremental revenues
• “But for” test
• Eligibility Requirements

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LONG TERM TAX EXEMPTION AND

5 YEAR EXEMPTION AND ABATEMENT

Long Term Tax Exemption

• Limited dividend entities or condo owners
• Any redevelopment improvements
• “But for” test
• Exemption on improvements (land)
• Annual Service Charge for municipal services, may be staged or negotiated
• 35 year maximum
• Financial Agreement with municipality

5 Year Exemption

• Any landowner
• Certain types of improvements authorized by the municipality
• Exemption on improvements (not land)
• Payment in lieu of taxes permitted
• 5 year maximum
• Municipal Ordinance and tax agreement may be required

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REDEVELOPMENT AREA BOND FINANCING ACT

- Issuer: Municipality, NJEDA, or other issuer
- Non-recourse
- Excluded from the Municipality's gross debt
- Secured by Annual Service Charge (Payment in Lieu of Taxes or Special Assessment)
- Financial Agreement between Municipality and Urban Renewal Entity formed by Redeveloper
- Requires Local Finance Board approval
- Pay costs of construction, infrastructure, public improvements and amenities and any other municipal purpose

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