

Bond Case Briefs

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REDEVELOPMENT AGREEMENTS - NEW JERSEY

MEPT Journal Square Urban Renewal, LLC v. City of Jersey City

Superior Court of New Jersey, Appellate Division - August 9, 2018 - A.3d - 2018 WL 3763433

Urban renewal entities, after deciding not to go forward with redevelopment projects, brought declaratory judgment action against city, asserting that prepayment agreements were ultra vires and void, and seeking refund of contributions made to affordable housing trust fund and refund of prepayment.

The Superior Court, Law Division, entered summary judgment in favor of urban renewal entities. City appealed.

The Superior Court, Appellate Division, held that:

- Prepayment agreements were contrary to redevelopment procedural scheme set forth in Long Term Tax Exemption Law (LTTEL) and thus were void, but
- Provision of financial agreements between urban renewal entities and city requiring contribution to affordable housing trust fund was permissible under LTTEL.

Prepayment agreements entered into between city and urban renewal entities, providing for renewal entities to pay a \$2,000,000 sum characterized as portion of annual service charge that entities would pay in lieu of property taxes after redevelopment project was completed, were contrary to redevelopment procedural scheme set forth in Long Term Tax Exemption Law (LTTEL) for financial agreements between a municipality and an urban renewal entity, and thus prepayment agreements were void; LTTEL set forth detailed, specific requirements for financial agreements, from which was conspicuously missing any allusion to a municipality's ability to condition grant of tax abatement upon prepayment.

Financial agreements entered into between urban renewal entities and city with regard to redevelopment project, requiring renewal entities to pay initial contribution to city's affordable housing trust fund, was permissible under redevelopment procedural scheme set forth in Long Term Tax Exemption Law (LTTEL) for financial agreements between a municipality and an urban renewal entity, where city adopted three ordinances that incorporated trust fund contribution requirement, and contribution requirement was based on set rate of \$1.50 per square foot of gross, not leaseable, space, pursuant to LTTEL standard of \$1.50 per square foot for commercial construction.