A CONFERENCE MEETING OF THE CITY COUNCIL OF THE CITY OF ORANGE TOWNSHIP HELD IN THE COUNCIL CHAMBERS, CITY HALL, 29 NORTH DAY STREET, ORANGE, NEW JERSEY, ON TUESDAY, JULY 5, 2011 IMMEDIATELY FOLLOWING THE RE-ORGANIZATION MEETING. (7:26 PM)

1) ROLL CALL	PRESENT	ABSENT
Hon. Hassan Abdul-Rasheed (West Ward)		
Hon. Elroy A. Corbitt (At-Large)	X	
Hon. Tency A. Eason (North Ward)	X	
Hon. Linda Jones-Bell (East Ward	X	
Hon. Edward B. Marable, Jr. (South Ward)	X	
Hon. Rayfield Morton (At-Large)		X
Hon. Donna K. Williams (At-Large)	X	

ALSO PRESENT

Claude Wallace, Acting, Municipal Clerk	X	
Hon. Eldridge Hawkins, Jr., Mayor	X	
Sean McGovern, City Attorney	X	
Dwayne D. Warren, Legislative Research Officer	X	
John Ditinyak, Finance Director	X	
Shinell Smith, Clerk's Office	X	

***SPECIAL NOTICE*: Please be apprised anyone wishing to discuss Agenda or General Items shall sign one (1) book. There will be two (2) columns in the book, one (1) for Agenda Items and one (1) for General Issues. Each person signing the book will check Agenda Items or General Issues. If they check <u>only</u> Agenda Items or General Issues, they will be allowed to speak for five (5) minutes. If they check General Issues and Agenda Items, they will be allowed to speak for ten (10) minutes.**

2) Municipal Clerk announces that the requirement of N.J. S.A. 10:4-9 et. Seq., "Sunshine Law" has been met. A notice of this meeting was sent to the *Star Ledger* and published in *The Orange Transcript* on June 30, 2011, posted on the Bulletin Board in City Hall and filed in the Office of the Municipal Clerk.

3) MATTERS FOR DISCUSSION

- **Preparing for a natural disaster- Hon. Elroy A. Corbitt- push back to 8/3/11**

Councilman Corbitt stated he would push back this matter for discussion to 8/3/11 since there were two other matters for discussion on for tonight.

- **Central Orange Village II Redevelopment Project-Valerie Jackson-Director of Planning.**
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Valerie Jackson, Director of Planning and Economic Development stated the first project she wanted to discuss tonight is Central Orange Village II which is being done by RPM. There are several scattered sites which were previously approved in terms of NSP I and NSP II. In addition, you have approved the transfer of City owned lots. Ed Martoglio, RPM Development Corporation is here tonight to talk about those particular projects. After which, Tom Banker, Economic Development Consultant to the City of Orange Township will speak.

Ed Martoglio stated there are a total of nine properties. All of these properties are vacant buildings or vacant pieces of land. Some of them are well known. 310 Mechanic Street has been vacant for over a decade. It is a small building but will have seven apartments. All of the buildings for the most part are small.

He commended Director Jackson on her leadership role and said it is difficult to work on small projects and the funding is difficult to get. He stated work done by RPM is usually on a larger scale, for example, 50 apartments.

He stated there are two properties on Pierson Street. 166 Pierson Street and 152 Pierson Street. One is a six unit building, all one bedroom apartments. The small vacant building had been through receivership and bankruptcy, it was purchased from the court. Right next to it is 152 Pierson also vacant was in foreclosure. There are three vacant parcels on Berwyn Street. He stated there will be new construction there and will be family type buildings.

The last ones which are the ones of any size are down on South Essex Avenue which was a vacant home and was demolished. There are two other lots adjacent to it. In total, there are 48 units of housing to be created either by rehab or new construction. These are rental properties and we will be applying to the state housing and mortgage finance agency for what is known as 4% tax credit. It is a less competitive process than the 9% and it means you can bring other funding sources into play.

All of these properties are now owned by RPM. The application has be filed with the state housing agency and what is required is a (PILOT) Payment in Lieu of Taxes. This is necessary for the state financing. It provides for a percentage of the revenue from the properties be paid for taxes. He stated 10% of the collected rent will be paid to the municipality. These will all be re-certified properties. The apartments will be energy efficient.

The units on Essex will have solar panels, hardwood floors in the living space, high efficiency heating and cooling, moderate kitchens and ceramic tiles in the bath. He stated they are committed to local hiring and they have used local sub-contractors from Orange in the past.

The building on Central Avenue should be finished by the end of this month. The complex has 70 apartments and they are already leased.

Councilman Abdul-Rasheed asked the names of one or two sub-contractors used from Orange.

Director Jackson stated there will be 48 units of housing in Orange, either rehab or new construction in some of the most blighted neighborhoods in Orange. We are trying to stabilize those neighborhoods and in addition to stabilizing those neighborhoods we will now get tax revenue from properties that we were not getting before. With that, she introduced Tom Banker.

Tom Banker consultant to Orange for several years stated that the rents that are being charged are not that far off from other rents in other neighborhood but they fall under HMFA, which seeks 6.28 % of rent and in this case its 10% and a shorter term with a 15 year abatement. He feels this is a reasonable deal considering there will not be an increase but will become fully taxable at the end of 15 years. This agreement only binds the City of Orange Township.

Councilwoman Williams asked what would happen after 15 years.

Mr. Banker stated at the end of 15 years the City would have no obligation to do anything else. He stated he did not want to speculate what would happen after 15 years. HMFA projects are different than long-term tax abatement projects. Long-term tax abatement projects can only be for 30 years and cannot be renewed. HMFA projects are eligible for tax abatement as long as the project is subject to HMFA financing.

Councilwoman Williams asked Mr. Martoglio what resistance is he meeting with commercial tenants at the property across the from the old Father Rasi area and what is he going to do to not have the new commercial space remain vacant.

Mr. Martoglio stated over at South Essex Court there are commercial spaces not yet rented for almost five years. He stated they do have approximately 7000 feet that has been rented. They do have they have very flexible with the rent and he does not know why he cannot get commercial tenants.

Councilwoman Williams asked how many total construction people from Orange would he be hiring.

Mr. Martoglio stated he would hire two under RPM payroll. He said that the sub-contractors hire within the City also.

Director Jackson commented about business recruitment. She said those that are good at housing development are usually not good on the business recruitment side. She said we are rolling out a business recruitment strategy in the middle of July which is fairly comprehensive to work with commercial landlords and developers to get tenants for their properties.

- **50-53 South Essex Avenue Redevelopment Project (Valerie Jackson-Director of Planning.**

Director Jackson stated there is an Ordinance before the Council tonight for a financial agreement and tax abatement. She said also to enter into a redevelopment agreement and to a support an application to Housing Mortgage

and Finance Agency for 9% tax credit. This project is a little different than the previous project in that this project is not seeking HMFA financing. It is going for conventional financing, therefore, the tax abatement that is presented before you is under the long-term tax exemption law. This project is being done by a new developer in Orange and New Jersey. L & M Development Corp. is the parent company for South Essex Urban Renewal Co. and is based out of NY. They have done about 15,000 housing units in the State of New York including Harlem and the five boroughs. They have done everything from affordable to luxury projects in the state of New York. This particular project is The South Essex project and has been approved. This project is on two properties that is currently owned by Tony Prioletti. Mr. Prioletti currently has a contract for sale to L & M Development Corp. for these properties. We are talking about 64 units. There is a Phase I and a Phase II. Phase I will be at 53 South Essex Avenue and Phase II will be at 50 South Avenue. Director Jackson introduce John Cortell, Angel Chin, and Richard Roberts who is a consultant with L & M Development Corp.

John Cortell stated L & M Development is here because they are very attracted to the Transit Village concept that the City is pursuing. He said he would make himself available for questions later.

Tom Banker stated funding for this project being sought does not come from the HMFA. Therefore, this project cannot be granted an abatement under that statue. He stated there is discussion getting an abatement under the long-term tax exemption law which does have separate provisions for the granting of tax abatement either in the redevelopment areas or for low or moderate housing. This project qualifies under both counts. This project is actually the first significant proposal for development within Orange's Transit Village surrounding the Main Street station. There will be 64 affordable units with one unit available for the super.

Mr. Banker stated this project is proposed to pay 10% of the gross revenue as the basis of it's PILOT based on the projected rents which are formulated based on the subsidy program being sought. He said it should generate about $67,000 in the first year as a result of the PILOT payment and would escalate as with the other PILOT payment based on the growth in those rents averaging about 3% a year thereafter. At present, the uses on the two sites a year that are affected will generate about $29,000 in taxes so there would a substantial growth in the tax payment plus the PILOT formula under the long-term tax exemption law grants

the majority of the revenue, 95% of the non land tax revenue goes to the municipality and 5% goes to the County.

Mr. Banker said because Orange is an Abbott district, the impact generated by school children is not as linear as it would be in an non-Abbott scenario so the analysis gets skewered a little bit although school children do cost money. In the case of an Abbott district, the majority of the cost is born by the State and not locally.

Mr. Banker stated this is a 20 year abatement seeking 9% tax credit which is competitive. This project will have to compete with other projects around the State. The success of this project depends not only on this Council granting this tax abatement which is a pre-condition to be eligible to compete but it also will depend on the merits of the rest of the application during the next round of funding in September.

Councilman Abdul-Rasheed asked Mr. Martoglio to explain affordable housing.

Mr. Martoglio stated affordable means the apartments meet the regulatory standards associated with Federal and State programs with the funding of low or moderate income housing.

Councilman Corbit asked Director Jackson why is tax abatement is so critical in the City of Orange Township.

Director Jackson stated tax abatement is used as an incentive. It was created for urban areas primarily so that we could get the developers to come build in urban areas. She stated tax abatement means Payment in Lieu of Taxes (PILOT).

Councilwoman Williams compared Transit Villages in South Orange and other towns. She stated tenants would probably want commercial space.

Director Jackson stated each building will have at least 5000 square feet of commercial space on the bottom floor. She said L & M Development Corp. have their own person who does business recruitment for the company.

4) RESOLUTIONS AND ORDINANCES

The resolutions and ordinances to be presented at tonight's meeting are listed on the attached Regular Meeting Agenda. If any Council Member wishes to discuss any resolution or ordinance, it may be discussed at this time.

Council President Eason recognized Councilwoman Williams.

Councilwoman Williams asked for a correction in the title of Resolution 191-2011.

5) MOTION TO ADJOURN

MOTION: Abdul-Rasheed Voice Vote SECOND: Jones-Bell

ADJOURNMENT: 8:16 PM

Dwight Mitchell, RMC
Municipal Clerk

Tency A. Eason
Council Vice President

MINUTES APPROVAL

Passed on September 6, 2011

Conference & Regular Meeting on June 14, 2011

Councilman Morton cannot vote, because he was not present.

Council President Eason entertained a Motion to Adopt.

Motion to Adopt: Corbitt Second: Eason

The roll call by Acting Deputy Clerk was as followed:

Yeas: Corbitt, Jones-Bell, Marable, and Council President Eason
Nays: Abdul-Rasheed
Abstentions: None
Absences: Williams

Council President Eason ruled the Motion was carried by Four Yeas, One Nay, No Abstentions and One Absence.