

**TOWNSHIP OF PENNSAUKEN, NEW JERSEY**

**ORDINANCE NO. 2022:24**

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**ORDINANCE AUTHORIZING THE ASSIGNMENT AND AMENDMENT OF THAT CERTAIN REAL ESTATE TAX EXEMPTION AGREEMENT BETWEEN THE TOWNSHIP OF PENNSAUKEN AND PENNSAUKEN SENIOR TOWERS URBAN RENEWAL LLC IN CONNECTION WITH THE PENNSAUKEN SENIOR TOWERS AFFORDABLE HOUSING PROJECT**

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**WHEREAS**, the Township of Pennsauken ("Township") is committed to the preservation of affordable housing as a necessary and valuable resource for its citizen; and

**WHEREAS**, Pennsauken Senior Towers, an 8-story, 101 one-bedroom apartment unit senior affordable housing facility ("Pennsauken Towers" or the "Project") was developed and opened in 1981 to assist low-income seniors to obtain safe decent and affordable housing with the use of United States Housing and Urban Development ("HUD") Section 8, project based subsidies contingent upon a local payment in lieu of taxes agreement between the developer (formerly Pennsauken Housing Associates) and the Township; and

**WHEREAS**, over the past 41 years, Pennsauken Towers has provided a source of safe, decent and well-maintained affordable housing for the senior citizens of; and

**WHEREAS**, the senior citizen residents of Pennsauken Towers currently pay an average rent, which based on 30 % of their total income, is less than 50% of that charged in the open market; and

**WHEREAS**, the existing HUD Section 8 contract for Pennsauken Towers will expire in the year 2031: and

**WHEREAS**, the Township has received low-income housing development credits from the Council on Affordable Housing for Pennsauken Towers, which may be extended if and to the Project is re-capitalized under Section 42 of the Low-Income Housing Tax Credit Program and continued as affordable housing; and

**WHEREAS**, the present owner of Pennsauken Towers, Pennsauken Senior Towers Urban Renewal, LLC ("PTUR"), and its designated successor, Pennsauken Towers Preservation Partners, LLC ("PTPP"), are seeking to renovate apartments, upgrade systems and preserve the complex as an affordable housing resource for seniors, subject to successful application for Federal Tax Credits and receipt of a new 20-year extension of the project- based HUD Section 8 contract: and

**WHEREAS**, the application for Section 42 Low Income Housing Tax Credits to the New Jersey Housing and Mortgage Finance Agency ("NJHMFA") will include a 30-year NJHMFA facilitated mortgage, to be accompanied by a financial agreement ("New Agreement") with the Township extending the period for the abatement of taxes levied against the improvements constituting Project and, in lieu thereof, the payment of certain amounts calculated in accordance with the New Agreement, which New Agreement will amend and restate in its entirety the existing real estate tax exemption agreement entered into on September 10, 1979, as such agreement has been amended and supplemented to date (as amended and supplemented, the "Original Agreement"), and which Original Agreement will be further amended in accordance with an amendment to be entered into prior to the date that PTPP receives a mortgage loan from NJHMFA ("Amendment Agreement"); and

**WHEREAS**, eligibility for the award of Section 42 Low Income Housing Tax Credits requires a transfer of ownership to a new eligible redevelopment entity, who will enter into a 20-year extension of the HUD Housing Assistance Payment contract in conjunction with the Section 42 Low Income Housing Tax Credit undertaking and subsequent upgrading and renovation of the building systems and apartments: and

**WHEREAS**, in furtherance of such requirement, PTUR will transfer its ownership interest in the Project to PTPP; and

**WHEREAS**, the Township finds that it is in the best interest of the Township, its senior citizens population and the public at large to facilitate the preservation of Pennsauken Towers as a HUD Section 8 assisted complex and a valuable housing resource for senior citizens; and

**WHEREAS**, the Township Committee of the Township of Pennsauken hereby desires to authorize and approve: (i) the transfer of the ownership of the Project from PTUR to PTPP; (ii) the assignment of the Original Agreement from PTUR to PTPP and the execution and delivery of an assignment agreement by and among the Township, PTUR and PTPP to memorialize the terms and conditions of such assignment; (iii) upon assignment, the execution and delivery of the Amendment Agreement to provide for certain changes to the Original Agreement for the period between the date of assignment of the Original Agreement to the date of the obtainment by PTPP of a mortgage loan from the NJHMFA, a copy of which is attached hereto as Exhibit "A" and made a part hereof, pursuant to the terms and conditions set forth therein; and (iv) the further amendment and restatement of the Original Agreement (as amended by the Amendment Agreement) by and through the execution and delivery of the New Agreement, a copy of which is attached thereto as Exhibit "B" and made a part hereof, pursuant to the terms and conditions as set forth therein.

**NOW THEREFORE, BE IT ORDAINED, BY THE TOWNSHIP COMMITTEE OF THE TOWNSHIP OF PENNSAUKEN, NEW JERSEY, AS FOLLOWS:**

**Section 1.** The Township consents, approves and permits: (i) the transfer of ownership of the Project from Pennsauken Senior Towers Urban Renewal, LLC to Pennsauken Towers Preservation Partners, LLC; and (ii) the assignment of the Original Agreement from Pennsauken Senior Towers Urban Renewal, LLC to Pennsauken Towers Preservation Partners, LLC on the condition that Pennsauken Towers Preservation Partners, LLC assumes all of Pennsauken Senior Towers Urban Renewal, LLC's obligations under the Original Agreement.

**Section 2.** The Township hereby authorizes the execution and delivery of the Amendment Agreement in the form attached to this Ordinance as Exhibit "A" (with such changes as shall be deemed necessary and advisable by the Township and its counsel and professional advisors), which Amendment Agreement shall include, among other things, the following material terms:

- (i) An increase the current payment in lieu of taxes (i.e., the annual service charge) from 3% of Project Revenues (as such term is defined in the New Agreement) to 4.11% of Project Revenues through and including the earlier to occur of (A) March 31, 2031 and (B) the termination of the Original Agreement (as amended by the Amendment Agreement);
- (ii) On or before date the Project obtains (and is subject to) a permanent mortgage provided by PTPP (or its successors or assign) in favor of the NJHMFA ("Mortgage Date"), PTPP (or its successor or assign) will make a one-time supplementary payment in lieu of taxes payment to the Township in the amount of \$182,993; and
- (iii) On the Mortgage Date, the Original Agreement (as amended by the Amendment Agreement) will be amended and restated in its entirety by the New Agreement.

**Section 3.** The Township hereby authorizes the execution and delivery of the New Agreement to amend and restate in its entirety the Original Agreement (as amended by the Amendment Agreement) in the form attached to this Ordinance as Exhibit "B" (with such changes as shall be deemed necessary and advisable by the Township and its counsel and professional advisors), which New Agreement shall include, among other things, the following material terms:

- (i) Extension of the term of the Original Agreement (as amended by the Amendment Agreement) for a period coterminous with the earlier to occur of (A) the termination of contract authorizing the Project's eligibility for receipt

of HUD Section 8 housing assistance, and (B) the repayment or termination of the 30-year NJHMFA facilitated mortgage; and

- (ii) Commencing April 1, 2031, increase the annual service charge to 6.25% of Project Revenues for the remaining term of the New Agreement.

**Section 4.** Any portion of this ordinance not herein amended and supplemented shall remain in full force and effect.

**Section 5.** All ordinances or parts of ordinances inconsistent with the provisions of this ordinance are hereby repealed as to such inconsistencies only.

**Section 6.** This ordinance shall take effect twenty (20) days after final passage and publication as provided by law.

**TOWNSHIP OF PENNSAUKEN**

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**Pamela Scott-Forman, RMC**  
**Municipal Clerk**

**STATEMENT**

Notice is hereby given that the foregoing Ordinance was adopted by the Township Committee of the Township of Pennsauken, Camden County, New Jersey at its regular meeting on Thursday, September 15, 2022 at 6:00 p.m.

**EXHIBIT "A"**

**FORM OF AMENDMENT AGREEMENT**

**EXHIBIT "B"**

**FORM OF NEW AGREEMENT**

