

**FISCAL IMPACT SUMMARY**

**BNE REALTY GROUP  
PROPOSED RESIDENTIAL REDEVELOPMENT  
WITHIN WEST ORANGE EXECUTIVE PARK**

**TOWNSHIP OF WEST ORANGE  
ESSEX COUNTY, NEW JERSEY**

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## SUMMARY AND OVERVIEW

- The redevelopment proposed by BNE Real Estate Group contemplates the redevelopment of a 18.30 acre tract of land located within the West Orange Executive Office Park for a residential community containing a total of 425 multi-family housing units including 64 “affordable” housing units.
- The current redevelopment plans anticipate the demolition of the existing office buildings on the redevelopment property (100 Executive Drive and 200 Executive Drive) in order to construct a multi-family residential development containing 361 “market” and 64 “affordable” housing units. The 361 “market” units will be comprised of 167 one-bedroom units with an average monthly rent of \$2,240 and 194 two-bedroom units with an average monthly rent of \$2,820. The 64 “affordable” housing units will include 13 one-bedroom units, 38 two-bedroom units and 13 three-bedroom units and will have monthly rents affordable to families with “very low”, “low” and “moderate” incomes, with an average monthly rent of \$880.
- The proposed residential redevelopment with 876 anticipated residents, would have an allocated share of the Township’s tax-supported, municipal service costs amounting to \$611,450 had it been completed and occupied during 2020. Utilizing the updated demographic multipliers published by the Center for Urban Policy Research (CUPR), the 361 “market” housing units would be estimated to generate 14 public school children, while the 64 “affordable” housing units are estimated to generate 31 public school children, for a total of 45 public school students.
- The proposed residential redevelopment is located on properties that have been designated by the Township of West Orange as being within an “Area in Need of Redevelopment”. Pursuant to the terms of the approved Financial Agreement, the redeveloper is requesting long-term tax exemption with in-lieu payments pursuant to the provisions of the Long Term Tax Exemption Law, as set forth in *N.J.S.A. 40A:20-1 et seq.*, and the Redevelopment Area Bond Financing Law, as set forth in *N.J.S.A. 40A:12A-64 et seq.*
- Under the terms of the approved Financial Agreement, the completed redevelopment would pay an initial Annual Service Charge equal to 10.5 percent of Annual Gross Revenues. The total annual payments to the Township of West Orange amount to \$1,071,159, exclusive of RAB debt service payments of \$114,580.
- The Annual Service Charge and Administrative Fees generated for the Township of West Orange, excluding RAB payments, amount to \$1,071,159 and are 5.29 times the municipal tax revenues of \$202,656 that the Township currently receives from the redevelopment properties and are 1.39 times the revenues that the Township would receive with ordinary taxes. The annual payments to the Township (\$1,071,159) are 1.75 times the municipal service costs of \$611,450 allocated to the completed redevelopment, yielding an annual revenue surplus of \$459,709 for municipal operations, plus the generation of annual RAB debt service payments of \$114,580 which are sufficient for the payment of \$2,000,000 for roadway and other improvements.

## **PROJECT DESCRIPTION**

The development that is the subject of this fiscal assessment involves a proposal for the redevelopment of a 18.30 ± acre tract of land located within the West Orange Executive Office Park in the Township of West Orange. The current concept plan that has been prepared for the subject property anticipates the redevelopment of the subject property in order to construct a multi-family residential development containing a total of 425 residential units located in elevator-serviced, multi-story buildings, along with on-site parking, a clubhouse and swimming pool.

The 425 residential units include 361 “market” priced rental units 64 “affordable” housing units. The 361 “market units will be comprised of 167 one-bedroom units with an average monthly rent of \$2,240 and 194 two-bedroom units with an average monthly rent of \$2,820. The 64 “affordable” housing units will include 13 one-bedroom units, 38 two-bedroom units and 13 three-bedroom units and will have monthly rents calculated to be affordable to families with “very low”, “low” and “moderate” incomes in an estimated average monthly rent of \$880.

Based upon the current plans, unit mix and anticipated rents, the completion and occupancy of the market and affordable components of the proposed residential redevelopment would be expected to generate a total rental income (gross potential rent) of \$11,729,760. This information is further detailed in the following tabulation:

| <b>Proposed Residential Redevelopment<br/>in West Orange Township</b> |                      |                          |                                 |                                    |
|-----------------------------------------------------------------------|----------------------|--------------------------|---------------------------------|------------------------------------|
| <u>Unit Type</u>                                                      | <u>No.<br/>Units</u> | <u>Monthly<br/>Rent.</u> | <u>Annual<br/>Rental Income</u> | <u>Aggregate<br/>Rental Income</u> |
| <u>Market</u>                                                         |                      |                          |                                 |                                    |
| APT-1BR                                                               | 167                  | \$2,240                  | \$26,880                        | \$ 4,488,960                       |
| APT-2BR                                                               | <u>194</u>           | <u>\$2,820</u>           | <u>\$33,840</u>                 | <u>\$ 6,564,960</u>                |
| Subtotal ( <i>Average</i> )                                           | 361                  | <i>\$2,552</i>           | <i>\$30,620</i>                 | \$11,053,920                       |
| <u>Affordable</u>                                                     |                      |                          |                                 |                                    |
| APT-1BR                                                               | 13                   | \$ 715                   | \$ 8,580                        | \$ 111,540                         |
| APT-2BR                                                               | 38                   | \$ 880                   | \$10,560                        | \$ 401,280                         |
| APT-3BR                                                               | <u>13</u>            | <u>\$1,045</u>           | <u>\$12,540</u>                 | <u>\$ 163,020</u>                  |
| Subtotal ( <i>Average</i> )                                           | 64                   | <i>\$ 880</i>            | <i>\$10,560</i>                 | \$ 675,840                         |
| Total ( <i>Average</i> )                                              | 425                  | <i>\$2,300</i>           | <i>\$27,599</i>                 | \$11,729,760                       |

## **Population Determinants**

The population estimates for the proposed residential development in West Orange Township have been prepared utilizing the demographic multipliers for residents of recently occupied housing units in New Jersey that is provided in a recent (updated) November 2018 study entitled, Who Lives in New Jersey Housing, which was prepared by the Center for Urban Policy Research (CUPR), Edward J. Bloustein School of Planning & Public Policy at Rutgers, The State University.

**Market Housing Units** - Utilizing the “updated” CUPR data, this analysis utilizes the New Jersey multipliers for the housing types that are most similar to the proposed housing units. Accordingly, the statewide demographic multipliers have been applied to the “market” rental housing units are the rental multipliers for one- and two-bedroom multi-family rental units situated in buildings containing 50 or more units. This information indicates that the “market” housing units would be expected to be occupied by 1.551 to 2.355 residents per housing unit, including 0.004 to 0.065 public school children per housing unit.

**Affordable Housing Demographics** - In addition to the “market” priced housing units, the development proposal also contains 64 “affordable” (Mt. Laurel) housing units to be reserved and priced to be affordable for lower-income households in accordance with affordable housing regulations. To the extent that the 64 “affordable” (Mt. Laurel) housing units have specific occupancy, income, and pricing restrictions, the “CUPR” survey provides separate demographic multipliers for low- and moderate-income households in New Jersey. The demographic multipliers for the 64 one-, two- and three-bedroom, renter-occupied, “affordable” housing units (Appendix 3) anticipate 1.392 to 3.591 persons per unit including 0.088 to 1.087 public school children per “affordable” housing unit.

## **Estimated Population**

The application of the updated CUPR demographic multipliers to the 361 “market” housing units would yield an estimate of 716 persons and 14 public school children while the application of the “low- and moderate income” demographic multipliers to the 64 “affordable” housing units would result in an estimate of 160 persons, including 31 public school children. Combined, the “market”

and “affordable” units within the completed residential development would be estimated to be occupied by a total of 876 persons including 45 public school children:

**Proposed Residential Redevelopment in West Orange Township**  
**Estimated Population - Updated 2018 CUPR Demographic Multipliers**

|                   | No.          | <u>Population Per Unit</u> |               | <u>Estimated Population</u> |               |
|-------------------|--------------|----------------------------|---------------|-----------------------------|---------------|
|                   |              | Total                      | Public        | Total                       | Public        |
| <u>Market</u>     | <u>Units</u> | <u>Pop.</u>                | <u>School</u> | <u>Pop.</u>                 | <u>School</u> |
| Apt-1BR           | 167          | 1.551                      | 0.004         | 259                         | 1             |
| Apt-2BR           | 194          | 2.355                      | 0.065         | 457                         | 13            |
| Subtotal          | 361          | 1.983                      | 0.039         | 716                         | 14            |
| <u>Affordable</u> |              |                            |               |                             |               |
| Apt-1BR           | 13           | 1.392                      | 0.088         | 18                          | 1             |
| Apt-2BR           | 38           | 2.511                      | 0.408         | 95                          | 16            |
| Apt-3BR           | 13           | 3.591                      | 1.087         | 47                          | 14            |
| Subtotal          | 64           | 2.484                      | 0.469         | 160                         | 31            |
| <u>Total</u>      | 425          | 2.059                      | 0.104         | 876                         | 45            |

## **MUNICIPAL SERVICE COSTS**

The fiscal effects anticipated to result from the proposed residential development in the Township of West Orange and the addition of 876 new residents have been analyzed in terms of the cost of the various municipal services that the Township currently provides to the residential and non-residential properties located within the Township. Before the data and relationships indicated in Table 1 may be utilized, certain adjustments must be made to separate its residential and non-residential components. As may be seen in Table 1, the Township's residential properties, which include Class 2 Residential and Class 4c Apartment properties, represent 94.51 percent of the Township's total properties, 83.89 percent of the Township's total valuation, and would be assigned 89.20 percent of the Township's total tax-supported costs. In this regard, \$55,139,740 of West Orange Township's total 2020 tax-supported local use appropriations of \$61,815,549 would be attributed to West Orange's residential properties.

**Residential Costs** - When the resident-based, tax-supported municipal appropriations of \$55,139,470 are allocated among West Orange Township's estimated 2020 residential population of 47,406 residents, an average per capita, tax-supported cost appropriation amounting to \$1,163 is derived. Concentrated, higher density residential developments, and particularly investor-owned and professionally-managed, income-producing Class 4c (apartment) properties, where many services (streets and road maintenance, snow removal, garbage collection, etc.) are provided by the property owner, will typically have "marginal" costs that are approximately 60 percent<sup>1</sup> of "average" per capita costs, or approximately \$698 per capita. Applying the "marginal" per capita, local use cost allocation of \$698 per capita to the 876 estimated new residents yields an allocated tax supported local use appropriation of \$611,450 ( $876 \times \$698 = \$611,450$ ).

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<sup>1</sup> In West Orange Township, the municipal appropriations likely to be affected by the proposed redevelopment account for 56.03 percent of total budgeted expenditures. See Appendix 1.

**TABLE 1**  
**MUNICIPAL DATA - 2020**  
**WEST ORANGE TOWNSHIP, ESSEX COUNTY**

**A. Current Assessments:**

| <u>Property Class</u>          | <u>Assessment</u>    | <u>Percent</u> | <u>Parcels</u> |
|--------------------------------|----------------------|----------------|----------------|
| 1 Vacant Land                  | \$ 32,157,100        | 0.58           | 301            |
| 2 Residential                  | \$4,513,034,930      | 81.03          | 13,348         |
| 3a Farm-R                      | \$ 0                 | 0.00           | 0              |
| 3b Farm-Q                      | \$ 0                 | 0.00           | 0              |
| 4a Commercial                  | \$ 844,881,400       | 15.17          | 446            |
| 4b Industrial                  | \$ 20,359,400        | 0.37           | 32             |
| 4c Apartments                  | \$ 159,341,600       | 2.86           | 51             |
| <u>Summary</u>                 |                      |                |                |
| Residential(Class 2, 3 and 4c) | \$4,672,376,530      | 83.89          | 13,399         |
| Commercial/Industrial          | \$ 865,240,800       | 15.53          | 478            |
| Vacant Land                    | <u>\$ 32,157,100</u> | <u>0.58</u>    | <u>301</u>     |
| Total                          | \$5,569,774,430      | 100.00         | 14,178         |

**B. Current Tax Structure:**

| <u>Rate Per \$100 (2019-20)</u> | <u>Percent</u> | <u>Tax Rate</u> |
|---------------------------------|----------------|-----------------|
| Municipal Purpose*              | 25.98          | \$1.113         |
| School District                 | 60.71          | \$2.601         |
| County                          | <u>13.31</u>   | <u>\$0.570</u>  |
| Total                           | 100.00         | \$4.284         |

**C. Local Use Appropriations:**

|                                       | <u>Percent</u> | <u>Amount</u>       |
|---------------------------------------|----------------|---------------------|
| Municipal Purposes within CAPS        | 76.77          | \$69,609,582        |
| Total Operations - Excluded from CAPS | 9.83           | \$ 8,911,761        |
| Capital Improvements                  | 1.24           | \$ 1,353,585        |
| Deferred Charges                      | 0.79           | \$ 720,000          |
| Municipal Debt Service                | <u>8.20</u>    | <u>\$ 7,436,370</u> |
| Sub-Total                             | 96.83          | \$87,802,922        |
| Reserve for Uncollected Taxes         | <u>3.17</u>    | <u>\$ 2,873,568</u> |
| Total General Appropriations          | 100.00         | \$90,677,490        |

**D. General Revenues - Local Use:**

|                             | <u>Percent</u> | <u>Amount</u>       |
|-----------------------------|----------------|---------------------|
| Revenue from Property Taxes | 69.17          | \$61,815,549        |
| Miscellaneous Revenues      | 26.28          | \$23,838,708        |
| Surplus Revenues            | 2.65           | \$ 2,403,754        |
| Receipt of Delinquent Taxes | <u>2.90</u>    | <u>\$ 2,873,479</u> |
| Total General Revenues      | 100.00         | \$90,677,490        |

\*includes open space and library taxes

Note: Assessment Ratio is 85.84 percent.

## **SCHOOL DISTRICT SERVICE COSTS**

The number of public school students expected to be generated by the residential components of the proposed residential redevelopment furnishes the statistical basis for this element of the anticipated fiscal impact. As previously discussed, and utilizing the CUPR standard (Statewide) and “affordable” demographic multipliers, the 361 “market” housing units would be estimated to generate 14 public school children while the 64 “affordable” housing units are estimated to generate 31 public school children, for a total of 45 public school children.

### **West Orange Township School District Costs**

The fiscal impact resulting from the addition of the 45 new students to the local school district has been statistically structured under the assumption that all new students were enrolled in the current, 2020-21 school year. The addition of the new students into the current enrollment is preferable to the extent that it permits a more objective appraisal of the direct impact of the enrollment specific to the new development and also permits an analysis predicated upon known fiscal data and current (2020-21) dollars. The costs anticipated for the enrollment of 45 students in the local school district have been estimated on the basis of the actual per pupil appropriations for the 2020-21 school year.

During the 2020-21 school year, the West Orange Township School District anticipates a total operating budget of \$162,088,766, of which, \$141,491,179, or 87.29 percent, is to be funded by local property tax revenues. Relative to the school district’s enrollment, the budgeted appropriations equate to \$24,440 per student with tax-supported costs amounting to \$21,335 per student. Applying this “average” tax-supported school district cost of \$21,335 to the 45 new students to be enrolled, yields allocated tax-supported local school district costs of \$960,080 ( $45 \times \$21,335 = \$960,080$ )<sup>2</sup>. The affordable housing units account for 31 of the 45 estimated local school district students and 68.9 percent of the allocated local school district costs.

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<sup>2</sup> Between the 2012-13 and 2021-21 school year, enrollment in the West Orange School District declined from 6,925 to 6,632 students, for a decrease of 293 students. With this decline, it is likely that the 44 estimated students could be accommodated with an incremental (marginal) cost substantially less than the average per student cost.

**TABLE 2**  
**WEST ORANGE TOWNSHIP, ESSEX COUNTY**  
**PUBLIC SCHOOL ENROLLMENT**

| <u>Year</u> | <u>Enrollment</u> | <u>Cost/Student-\$</u> |
|-------------|-------------------|------------------------|
| 1999-00     | 5,703             | 10,441                 |
| 2000-01     | 5,901             | 10,733                 |
| 2001-02     | 6,019             | 12,399                 |
| 2002-03     | 6,313             | 12,754                 |
| 2003-04     | 6,394             | 12,763                 |
| 2004-05     | 6,437             | 13,819                 |
| 2005-06     | 6,409             | 15,101                 |
| 2006-07     | 6,396             | 16,364                 |
| 2007-08     | 6,430             | 17,465                 |
| 2008-09     | 6,541             | 18,096                 |
| 2009-10     | 6,715             | 17,789                 |
| 2010-11     | 6,717             | 17,549                 |
| 2011-12     | 6,801             | 17,528                 |
| 2012-13     | 6,925             | 18,204                 |
| 2013-14     | 6,876             | 18,297                 |
| 2014-15     | 6,748             | 19,976                 |
| 2015-16     | 6,697             | 20,033                 |
| 2016-17     | 6,632             | 21,479                 |
| 2017-18     | 6,651             | 21,390                 |
| 2018-19     | 6,609             | 22,547                 |
| 2019-20     | 6,627             | 23,644                 |
| 2020-21     | 6,632             | 24,440                 |

Source: Rutgers University, Bureau of Government Research, New Jersey Legislative District Data Services (1975-2016); NJ Department of Education, (2017-20). The net cost per pupil is the general fund budget per pupil, as implemented under CEIFA, and is equal to the sum of general fund tax levy, budgeted general fund balance, miscellaneous revenue and most forms of state formula aid. The per pupil cost calculated for the 2018-19, 2019-20 and 2020-21 school years reflect total operating expenditures.

## **REDEVELOPMENT AREA BOND FINANCING**

The proposed residential redevelopment is to be located on a property that the Township of West Orange has designated as an “Area in Need of Redevelopment”. With this designation, and pursuant to the terms of the approved Financial Agreement between the redeveloper and the Township, the redeveloper will form an urban renewal entity that is qualified to do business under the provisions of the Long Term Tax Exemption Law, as set forth in *N.J.S.A. 40A:20-1 et seq.*, and the Redevelopment Area Bond Financing Law, as set forth in *N.J.S.A. 40A:12A-64 et seq.* Pursuant to the provisions of the Long Term Tax Exemption Law and the Redevelopment Area Bond Financing Law, the redeveloper has prepared a Financial Agreement that would provide the Township with an increased share of the total annual revenues generated by the proposed redevelopment along with the funds for the repayment of a \$2,000,000 Redevelopment Area Bond that will be used for roadway and other public improvements.

### **Current Revenues**

The redevelopment properties that are the subject of this fiscal assessment include two (2) separate tax lots within the West Orange Executive Office Park and are located at 100 and 200 Executive Drive. The redevelopment properties, which include a land area of 18.30 acres, are currently classified as 4A (Commercial) for assessment purposes.

**Assessed Valuation** - The redevelopment site consists of a two separate tax lots identified as Block 155 . Lot 40.02 and Block 155, lot 42.02 on the official tax maps of the Township of West Orange and have a current (2018-19) assessed value of \$ 18,208,100:

#### **Proposed Redevelopment Properties Current Assessments - Existing Use**

| <u>Block</u> | <u>Lot</u> | <u>Acres</u> | <u>Assessed Value</u> |                     |                     |
|--------------|------------|--------------|-----------------------|---------------------|---------------------|
|              |            |              | <u>Land</u>           | <u>Improvements</u> | <u>Total</u>        |
| 155          | 40.02      | 10.08        | \$ 7,499,900          | \$ 968,500          | \$ 8,468,400        |
| 155          | 42.02      | <u>8.22</u>  | <u>\$ 7,499,900</u>   | <u>\$2,239,800</u>  | <u>\$ 9,739,700</u> |
| Total        |            | 18.30        | \$14,999,800          | \$3,208,300         | \$18,208,100        |

**Current Property Tax Revenues** - The properties to be redeveloped, as indicated in the preceding tabulation, have a total assessment of \$18,208,100. At the Township's current general tax rates, the assessed value of the subject properties would generate annual property tax revenues for the Township of West Orange amounting to \$202,656, along with property tax revenues of \$473,593 for the West Orange School District, and property tax revenues of \$103,786 for Essex County. The total property tax revenues amount to \$780,035. The annual property tax revenues applicable to the property assessment of \$18,208,100 are summarized below:

**West Orange Redevelopment Property  
Property Tax Revenues**

|                             |                | <u>Land</u>      | <u>Improvements</u> | <u>Total</u>      |
|-----------------------------|----------------|------------------|---------------------|-------------------|
| <u>Existing Assessment</u>  |                | \$14,999,800     | \$3,208,300         | \$18,208,100      |
| <u>Property Taxes/\$100</u> |                |                  |                     |                   |
| Municipal                   | \$1.113        | \$ 166,948       | \$ 35,708           | \$ 202,656        |
| Local School                | \$2.601        | \$ 390,145       | \$ 83,448           | \$ 473,593        |
| County                      | <u>\$0.570</u> | \$ <u>85,499</u> | \$ <u>18,287</u>    | \$ <u>103,786</u> |
| Total                       | \$4.284        | \$ 642,591       | \$ 137,444          | \$ 780,035        |

**Financial Agreement With In-Lieu Payments**

The annual revenues that could be expected to be generated from the residential redevelopment proposed for the subject property have been calculated to illustrate the Annual Service Charges and other payments to be paid to the Township under the anticipated terms of a Financial Agreement between the urban renewal entity and the Township of West Orange. Pursuant to the provisions of *N.J.S.A. 40A:20-1 et seq.*, and the Redevelopment Area Bond Financing Law, as set forth in *N.J.S.A. 40A:12A-64 et seq.*, the annual payments may be calculated using the Annual Gross Revenue method or or when the annual gross revenue cannot be reasonably ascertained) using the Project Cost method. To the extent that annual gross revenues of the rental apartments in the redevelopment plan can be readily calculated, the Annual Gross Revenue method has been utilized.

### **Annual Gross Revenues and Annual Service Charge**

The proposed residential redevelopment, consisting of 425 multi-family rental housing units, would be expected to generate Annual Gross Revenues (AGR) amounting to \$11,642,022 when completed and occupied. With an initial Annual Service Charge amounting to ten and one-half (10.5) percent<sup>3</sup>, would generate Annual Service Charges (ASC) amounting to \$1,222,412 during the first year of full occupancy:

#### **Proposed Residential Redevelopment Estimated Annual Gross Revenues**

| <u>Rental Income</u>      | <u>Units</u> | <u>Monthly<br/>Rent/Unit</u> | <u>Annual<br/>Revenues</u> | <u>Annual Service<br/>Charge (0.105)</u> |
|---------------------------|--------------|------------------------------|----------------------------|------------------------------------------|
| <u>Market</u>             |              |                              |                            |                                          |
| Apt-1BR                   | 167          | \$2,240                      | \$ 4,488,960               | \$ 471,341                               |
| Apt-2BR                   | 194          | \$2,820                      | \$ 6,564,960               | \$ 689,321                               |
| Total                     | 361          | \$2,552                      | \$11,053,920               | \$1,160,662                              |
| <u>Affordable</u>         |              |                              |                            |                                          |
| Apt 1BR                   | 13           | \$ 715                       | \$ 111,540                 | \$ 11,712                                |
| Apt-2BR                   | 38           | \$ 880                       | \$ 401,280                 | \$ 43,134                                |
| Apt-3BR                   | 13           | \$1,045                      | \$ 163,020                 | \$ 17,117                                |
|                           | 64           | \$ 880                       | \$ 675,840                 | \$ 70,963                                |
| Subtotal Rent             | 425          | \$2,300                      | \$11,729,760               | \$1,231,625                              |
| Other Income <sup>4</sup> |              |                              | \$ 525,000                 | \$ 55,125                                |
| Less Vacancy (5.0%)       |              |                              | (\$ 612,738)               | (\$ 64,338)                              |
| Annual Gross Revenues     |              |                              | \$11,642,022               | \$1,222,412                              |

**Annual In-Lieu Payments** - The completed residential redevelopment, pursuant to the provisions of the Financial Agreement, could be expected to make annual in-lieu payments to the Township of West Orange and Essex County amounting to \$1,222,412. These payments would be distributed between the Township of West Orange (\$1,161,291) and the County (\$61,121).

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<sup>3</sup> The Financial Agreement provides for an ASC of 10.5 percent in years 1 through 10, 11.5 percent in years 11 through 20 and 12.5 percent in years 21 through 30.

<sup>4</sup> Includes parking income of \$100,000, amenity fees and other income of \$425,000

**Annual Administrative Fee** - In addition to the Annual Service Charge, the residential units within the redevelopment plan may also pay the Township an Annual Administrative Fee of up to two (2.0) percent of the Annual Service Charge, or \$24,448 ( $\$1,222,412 \times 0.02 = \$24,448$ ).

**Annual In-Lieu Payments** - The completed residential redevelopment, pursuant to the provisions of the Financial Agreement, could be expected to make total annual in-lieu payments amounting to \$1,246,860. These payments are comprised of the Annual Service Charge (\$1,222,412) and the Administrative Fee (\$24,448):

**Allocation of Payments** - Pursuant to the provisions of the Financial Agreement, the completed redevelopment, could be expected to pay an Annual Service Charge (ASC) of \$1,222,412. This ASC payment would be distributed between the County (5.0 percent), RAB Debt Service (9.37 percent) with the remainder (85.63 percent) retained by the Township of West Orange. In addition to these ASC payments, the project would also pay an Administrative Fee of \$24,448, resulting in total annual payments of \$1,246,860 as detailed in the following tabulation:

**Proposed Residential Redevelopment  
Annual Revenues**

| <u>Source</u>                 | <u>Twp of<br/>West Orange</u> | <u>Essex<br/>County</u> | <u>Total</u> |
|-------------------------------|-------------------------------|-------------------------|--------------|
| Annual Svc. Chg.              | \$1,046,711                   | \$61,121                | \$1,107,832  |
| RAB Debt Service <sup>5</sup> | \$ 114,580                    | \$ 0                    | \$ 114,580   |
| ASC + RAB                     | \$1,161,291                   | \$61,121                | \$1,222,412  |
| Administrative Fee            | \$ 24,448                     | \$ 0                    | \$ 24,448    |
| Total Payments                | \$1,185,739                   | \$61,121                | \$1,246,860  |

**Annual Revenue Comparisons**

The annual revenues currently generated for the Township of West Orange amount to \$202,656 with the existing use of the property. With the completed redevelopment, the annual revenues generated for the Township of West Orange with the RAB PILOT would amount to

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<sup>5</sup>Constant payment during term of exemption;  $\$2,000,000$  at 4.0 percent for 30 years = \$114,580/year

\$1,071,159, exclusive of the debt service payments of \$114,580. The net revenues generated for the Township of West Orange (\$1,071,159) are 5.29 times the property tax revenues (\$202,656) currently paid to the Township by the redevelopment property and are 1.39 times the annual revenues of \$770,096 that West Orange would receive from the completed redevelopment with ordinary applicable taxes. The estimated annual net payments to the Township of West Orange with RAB PILOT payments (\$1,071,159) are 1.75 times the allocated municipal service costs of (\$611,450). and would also provide additional annual funding of \$114,580 for the payment of RAB debt service. These comparisons are summarized in the following tabulation:

**Proposed Residential Redevelopment  
Annual Revenue Summary and Comparison**

|                                        | <u>Township of<br/>West Orange</u> |
|----------------------------------------|------------------------------------|
| <u>Existing Use</u>                    | \$ 202,656                         |
| <u>Proposed Redevelopment</u>          |                                    |
| PILOT payments                         |                                    |
| Annual Service Charge                  | \$1,046,711                        |
| Administrative Fee                     | \$ <u>24,448</u>                   |
| Subtotal (w/o RAB)                     | \$1,071,159                        |
| RAB Debt Service                       | \$ <u>114,580</u>                  |
| Total Annual Payments                  | \$1,185,739                        |
| Ordinary Applicable Taxes <sup>6</sup> | \$ 770,096                         |
| Municipal Service Costs                | \$ 611,450                         |

During the 30-year term of the requested exemption, and as detailed in Table 10, the proposed redevelopment with the RAB/PILOT would make net annual payments to the Township of West Orange (after the payment of bond debt service) that amount to \$52.8 million, compared to \$31.2 million with ordinary taxes.

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<sup>6</sup>The proposed redevelopment, with an estimated assessed valuation of \$69,132,031, would generate municipal property tax revenues of \$770,096 at the current municipal property tax rate of \$1.113 per \$100 of assessed valuation



## APPENDIX 1

### WEST ORANGE TOWNSHIP MUNICIPAL BUDGET AND PROJECT ALLOCATION

|                            | <u>Municipal<br/>Appropriations</u> | <u>Percent</u> | <u>Project<br/>Allocation</u> |
|----------------------------|-------------------------------------|----------------|-------------------------------|
| General Government         | \$ 4,070,005                        | 4.74           |                               |
| Land Use Admin             | \$ 239,455                          | 0.28           | 0.28                          |
| Uniform Const Code         | \$ 1,036,932                        | 1.21           | 1.21                          |
| Insurance                  | \$15,653,322                        | 18.24          |                               |
| Public Safety              | \$24,003,427                        | 27.98          | 27.98                         |
| Public Works               | \$ 9,489,869                        | 11.06          | 11.06                         |
| Health & Human Svcs        | \$ 1,288,091                        | 1.50           | 1.50                          |
| Parks & Recreation         | \$ 1,373,331                        | 1.60           | 1.60                          |
| Education/Library          | \$ 2,124,589                        | 2.48           | 2.48                          |
| Unclassified               | \$ 405,600                          | 0.47           | 0.47                          |
| Utilities & Bulk Purchases | \$ 6,192,866                        | 7.22           |                               |
| Contingency                | \$ 1,000                            | 0.00           |                               |
| Statutory Expend           | \$ 7,663,327                        | 8.93           | 8.93                          |
| Judgements                 | \$ 81,654                           | 0.10           |                               |
| Shared Services            | \$ 15,492                           | 0.02           | 0.02                          |
| Courts                     | \$ 431,493                          | 0.50           | 0.50                          |
| Capital Improvements       | \$ 1,353,585                        | 1.58           |                               |
| Debt Service               | \$ 6,844,124                        | 7.98           |                               |
| Deferred Charges           | \$ 651,693                          | 0.76           |                               |
| Reserve for Uncoll Taxes   | <u>\$ 2,873,568</u>                 | <u>3.35</u>    | <u>          </u>             |
| Total                      | \$85,793,425                        | 100.00         | 56.03                         |