

## **Clarification on the Redevelopment Designation, PILOT (Payment In Lieu Of Taxes) Programs & the Block 64 Redevelopment Plan**

Thank you for taking the time to read this clarification document. It is necessitated by recent misleading public statements and website postings by a limited group of individuals in the township. Here I will seek to set the record straight on your governing body's use of the redevelopment designation and PILOT programs, as well as confirm the fact that any plan for the vacant parcels behind the homes that front north Main Street (Block 64) will still need to be discussed, reviewed and approved in public meetings. None of those steps have occurred to date. There has been no formal discussion with any developer concerning those properties. Let me also state at the outset that there was NEVER a consideration to use eminent domain to take private properties on north Main Street in conjunction with our consideration of naming that a redevelopment area. This fact was consistently stated both publicly and privately whenever a question emerged about eminent domain. Any portrayal to the contrary is a total misrepresentation of the truth.

Most importantly, should any questions remain or emerge as you read on, please contact me or any other member of Township Committee for further clarification. Better yet, attend one of our public Township Committee meetings on the 1<sup>st</sup> & 3<sup>rd</sup> Monday evenings of every month at 7:30 PM at our Township Municipal Building. Engagement and Transparency have been cornerstones of this administrations philosophy and history over the last six years. We are proud of that record and encourage you become part of the process by attending a Township Committee meeting.

### **The Redevelopment Designation**

I begin by addressing a public misinterpretation of the facts concerning a possible Redevelopment designation for two vacant parcels of land (Block 64 Lots 2 & 21) behind northern Main Street (between Woodland Ave & Rt 322). An isolated number of residents on north Main Street have spread literature and sent emails that contain false information concerning this Redevelopment designation and its status. The literature also includes a misguided explanation of a PILOT (Payment In Lieu Of Taxes) program, as well as other baseless insinuations. In the interest of establishing an accurate record that is easily accessible, here are the facts and the timeline pertaining to the Block 64 Redevelopment designation process:

In February of 2013, Township Committee directed our Joint Land Use Board (JLUB) to conduct a study to determine if the two vacant parcels referenced above could meet the criteria to be designated a redevelopment area. The State of NJ (Department of Community Affairs division) sets the guidelines for this evaluation that require ONE of eight specific criteria be met to qualify for the designation. Our motivation in seeking this designation is to maximize our residents input on the development of a given property and how it affects the neighboring properties and the community as a whole. The designation is basically an "overlay" on the existing zoning; therefore providing the township (residents) more input than under the traditional zoning regulations. This is a major positive for our community as we face the inevitable "build out" of available property based on a land owner's private decision to sell their property to a developer. We have utilized this planning tool over the last several years successfully on numerous occasions. Therefore, the vacant parcels in this case are clearly a consideration for this advantageous designation. To qualify, a criteria that is the most probable option for this land is "smart growth consistency" due to its proximity to the walkable portions of Mullica Hill.

Early in the process our professionals noted that we may want to consider including the adjacent homes that front Main Street, Rt 322 and Woodland Avenue (and back up to the two vacant parcels) in the redevelopment area. This would afford those current home owners the same benefits and flexibility in the future (as the

developers of the vacant land), regardless of what gets developed on the vacant parcels. Logic indicates that the current homeowners on north Main Street (and Rt 322 & Woodland Ave.) may eventually want to sell their homes and the designation would benefit them at that point. Based on that logic, we decided to include those (22) lots in the study. Clearly, the criteria that these properties and existing structures would have to meet are different than the vacant properties. The most commonly used criteria for existing structures are “obsolete layout and design” or “obsolete or dilapidated structure”.

So as directed, our Planner conducted the needed research over the next few months and delivered his report to the JLUB on June 6, 2013. As is required, those properties included in the study and all owners of property within two hundred feet of the area received a written notice of this meeting two weeks beforehand. Keep in mind that all Township Committee or JLUB meetings are always open to the public, including those that lead to the decision to conduct the study back in February. At the June 6<sup>th</sup> meeting our Planner provided a detailed explanation of the information in his report, which had also been posted on line for all to view prior to the meeting. After his explanation of the facts that Block 64 as a whole did, in fact, meet the required criteria to be named a redevelopment area, six residents of north Main St rose to ask questions. Some homeowners took offense to the “deterioration” reference, which is understandable. The concept of eminent domain was questioned because there is a reference to it in the Redevelopment laws. Reiterating what I had already stated publicly on this topic, the JLUB Chairman responded clearly that there was never a discussion to use eminent domain and that it WOULD NOT be used in this situation. The Board Chairman took his time addressing these concerns and explaining the redevelopment concept and its advantages. A few days prior to this meeting I had also personally spoken to one of these residents on the phone for 45 minutes when they called me with questions. That conversation included a detailed focus on eminent domain wherein I stated that it was not a consideration here. I explained further that the redevelopment designation itself did not grant the eminent domain power. I further reassured the resident by directly saying “we are not using eminent domain in this situation”. I was emphatically clear. That conversation ended with the resident thanking me for being so candid and clearing up any confusion. There was also considerable attention paid to ensuring that all residents at the June 6<sup>th</sup> meeting with questions were given ample time to understand this process. The Board Chairman delayed any vote to give the ok to Township Committee to move forward with the redevelopment designation (which was the next step) for six weeks. He advised the residents that during that period they would have access to speak with our professionals or to him directly to answer any questions. He told our Planner and Attorney that they should be prepared to address our resident’s questions and receive their input over the next six weeks. He announced that the report would then be reviewed in public again and considered at the JLUB meeting on July 18, 2013.

The consideration of the redevelopment area recommendation to Township Committee was the first thing on the Agenda at the JLUB meeting on July 18, 2013. Our Planner and Attorney stated that they had not received a single inquiry since the June 6<sup>th</sup> meeting. The Board Chairman and every board member stated the same; no questions or calls from residents. Not one. A motion was made to allow the public to ask questions or make comment on the study. There were no questions from the public. The Board members were then asked if they had any other questions on the study. There were none considering each member also had the previous additional six weeks to review the study. A motion was then made and seconded to vote on sending the recommendation to Township Committee to designate Block 64 a Redevelopment Area. The vote was unanimous.

There have been statements made and circulated by a few residents that our JLUB “passed the plan in 10 minutes”. Obviously this is totally false based on the factual timeline I’ve just detailed. Consider this review: A redevelopment study commissioned publicly in February was conducted by our professionals that took months to research and prepare; there was written notice sent to residents in May about the June 6, 2013 meeting to

review the results; the report was posted on-line prior to the meeting; that meeting resulted in a six week delay in consideration of the plan to allow residents full access to our professionals to address their questions; and finally, there's the July 18, 2013 JLUB meeting to AGAIN give residents the opportunity to ask questions and give input.....and none of the six north Main Street residents that rose to ask questions at the June 6<sup>th</sup> meeting (or anyone else) raised a question or offered a comment.

We all obviously assumed that any questions/concerns that existed at the June 6<sup>th</sup> JLUB meeting no longer remained. After that meeting no member of Township Committee or any member of the JLUB or any professional was contacted about the vote or to express a concern about the process moving forward. Then three weeks later on August 8<sup>th</sup>, we were made aware that a new organization, Citizens Action Committee of Mullica Hill, had established a website that stated that the Harrison Township Committee was voting to designate Block 64 a Redevelopment Area "which would allow the township to take our properties through eminent domain and give them to a private developer". The website included a link to our planner's report (which is actually titled REDEVELOPMENT PRELIMINARY INVESTIGATION – BLOCK 64), but the site titled it "Blight Study", completely skewing the focus and intention of the study. These few residents on north Main Street who comprised this committee and created the website had also put signs on their properties stating "Stop the Land Grab" indicating that the township was going to eminent domain their properties. They began a campaign spreading these completely false statements throughout town and inviting others to post these signs; knowing full well that we had repeatedly stated that eminent domain would not be used. They rationalize this by stating that even though we publicly stated we would not use eminent domain, the option exists in the Redevelopment laws, therefore it is possible that we would take their land. This group began sending emails and placing literature on doorsteps throughout the community conveying the message the our Township Committee was going to use eminent domain to take historic properties on north Main Street as part of this Redevelopment Plan and turn the land over to a developer to build something we preferred. I fielded numerous phone calls and emails from dismayed residents that had fallen victim to this totally false accusation. The group was also encouraging attendance to our August 19, 2013 Township Committee meeting when we were set to consider the plan/recommendation from the JLUB. We welcomed the prospect of residents attending that meeting so we could clarify the redevelopment process; in fact we looked forward to the opportunity to correct any misunderstandings. But the 11 day fraudulent eminent domain campaign leading up to the meeting had whipped the attending crowd into a state of agitation with misrepresentations and false implications about our Committee and their intentions. It became clear early on that most of the 140 (approx.) people that attended the meeting weren't interested in an explanation.

Regardless, we began that meeting on August 19<sup>th</sup> with a detailed presentation from our Planner on the concept and parameters of the Redevelopment designation and its advantages; followed by specific details of the Block 64 study. Based on the demeanor of the crowd and our capability to be heard, we shifted the planned course of action that night. Since it was clear that these north Main Street residents did not want to be included in this Redevelopment area, we decided on the spot to NOT move forward with the designation as recommended. Instead, we (Township Committee) voted unanimously to direct the JLUB to conduct a second study that ONLY included the two vacant parcels (the original focus of this action) and the township-owned property at the corner of Main Street & Rt 322. Since our objective at the outset was to designate the vacant parcels a redevelopment area for the reasons previously stated, this course made the most sense considering the circumstances. In essence we would carve out every existing residence from the study except the one owned by the township; leaving only the two vacant parcels and the township-owned property to be considered as a redevelopment area. We were disappointed with the manner in which this opposition evolved since we were not contacted by the individuals who didn't understand or disagreed with the designation. We had no knowledge that they did not want to be included. If they had conveyed that sentiment, we certainly would have

accommodated them and removed them from the study. We were not given that opportunity. Instead, my committee members and I found ourselves defending not only the redevelopment designation process, but our own integrity as well.

Soon after the August 19<sup>th</sup> meeting, several of the north Main Street residents whose properties were carved out of the study based on our action that night, requested to be included again. Their decision was based upon a clarification of the facts and intentions of the process. So as of this writing, there are two separate considerations pending. A new study is already being completed to determine if Block 64 Lots 2, 5 & 21 (the two vacant parcels and the township-owned property on the corner of Main Street & Rt 322) qualifies as redevelopment area. A second and separate study is being considered (but not commissioned yet) that will include all those residents carved out of the original study that have now requested inclusion.

### **P.I.L.O.T (Payment In Lieu Of Taxes) Programs**

The authors of the Citizens Action Committee of Mullca Hill website have also posted a statement about PILOT programs. The website posts a link to an article written in March of 2011 about the use of a PILOT in Schenectady, NY that states that “a PILOT is a tried-and-true lure to developers and taxpayers are not always thrilled with the deals made”. This article about a specific situation hundreds of miles from Mullica Hill serves as the basis for the website’s sweeping and general interpretation of PILOTs and how they are utilized in Harrison Township by the current governing body. Once again these opinions are being put into the public domain without any interaction or questions asked of the local officials involved.

For clarification purposes, these are the facts concerning your current governing body’s philosophy on PILOT programs and our actual history in employing their use. We have never used a Payment In Lieu Of Taxes program as a “lure” to a developer. Quite the opposite in fact. We have only discussed the use of a PILOT as way of benefitting Harrison Township more than under the standard tax collection process. In the standard tax collection process, the township serves as the collector for all the other agencies and recipients. Therefore, on a quarterly basis, we forward each entity their allocation (Schools, County, Open Space funds, Fire District, etc.) and the municipality is left with our 14 cents (approx.) of every dollar to pay for all our local services. In a PILOT collection process, the taxpayer still pays the township and the township will still forward a portion to the County for their services, but the township has the flexibility to direct the majority of the collected dollars where it is most needed, therefore maximizing its impact on the local community. For that reason, in Harrison Township we have leveraged this financial tool in conjunction with the inevitable development that is taking place.

To best grasp the difference (PILOT vs Standard Tax Collection), it’s important to first understand the basic flow and distribution of the traditional taxes that we all pay. Each year you receive your tax bill in the mail that includes a spread sheet and pie chart detailing “Where Your Tax Dollars Go”. It itemizes (as an example) the fact that 56% of your taxes go to the schools, 24% goes to County Services and 14% goes to Local Municipal Services and so on. This allocation applies to both the residential and commercial (businesses) taxes collected. Clearly, the lion’s share of our tax dollars is allotted to our public school systems. As any community’s student population grows, there is a need to hire more teachers, add services and expand or even build a new school. This pressure comes from the residential development in a school district. New or additional commercial development does NOT create this need.

Our clear understanding of the needs created as a community grows is the basis for our philosophy concerning the use of the Redevelopment designation and PILOT programs. Though PILOT programs are used in residential

development situations frequently (especially in North Jersey), we have not done that to date. We have only considered the use of a PILOT for the commercial development that is taking place in our township. As this prior explanation indicates, no new school children are created by commercial development, so to forward 56% of that revenue to the schools is not prudent when that money can be better utilized elsewhere. This DOES NOT mean that our schools get none of that commercial revenue. However, that's exactly what our friends with the Citizens Action Committee of Mullica Hill are implying with their rhetoric and website postings even though there is no factual basis for it. Once again they did not consult with any township official on this topic.

Our process has been consistent when considering the use of a PILOT. We start with the same baseline tax payment that the user would pay in the standard tax collection process. We then take into account the need to allocate a portion of that to the school districts; or to any other entity, for that matter. In these situations, we have only considered the use of PILOTs for the commercial development, not the residential development in our community. We always consult with and have approval of our County leadership to move forward with a PILOT before doing so. We have also met with the leadership of Clearview Regional High School to discuss this specific process. They are comfortable with these facts and see the added flexibility it can provide them in the future based on the limitations of the State-mandated 2% budget cap. Additionally, it's intended that the future residential development in Harrison Township will proceed under the standard tax collection process, therefore ensuring that the schools will receive their full allocation for all residential growth. And finally, we have enlisted some of the finest professionals in the industry to guide us through these issues with redevelopment and PILOT programs to guarantee our adherence to the law.

### **Block 64 Redevelopment Plan**

There has been some speculation about the specific redevelopment plan for Block 64. The Citizens Action Committee of Mullica Hill website states that it's "a done deal because it appears that plans have already been drawn up". This implies that there is an "approved" plan for the vacant parcels discussed. This is 100% false. An interested developer has sketched out a concept for those parcels, which has been posted on the mentioned website. But the developer has never brought that or any other plan to the township officially. In fact, there would be a lengthy public application and presentation process at our Joint Land Use Board required for any approval. So any statement that indicates there is an approved plan or there have been non-public approval discussions with township officials for this area should be considered misinformation.

In closing, I reiterate my invitation in the preamble of this document. Contact me or other Township Committee member with any questions. Remember that our Township Committee meetings take place on the 1<sup>st</sup> & 3<sup>rd</sup> Monday evenings and our Joint Land Use Board meetings are on the 1<sup>st</sup> & 3<sup>rd</sup> Thursday evenings of every month. You're welcome and encouraged to attend.

Together For Harrison Township,

*Louis Manzo*

Your Mayor