
From: Gerald Salerno
Sent: Wednesday, February 10, 2021 6:58 AM
To: Richard Preiss <RPreiss@phillipspreiss.com>
Subject: RE: Alfred

Good morning Richard. We will need the following to actually close title to purchase the site:

1. The contract to purchase the property is contingent upon the developer being granted a 30

year PILOT memorialized in an agreement with the Township. Given the financial constraints of this project as well as the risk and uncertainties associated with the area, as we have emphasized from the outset, the developer cannot proceed with this project without a 30 year PILOT. In that regard, I have prepared a draft PILOT Agreement and I am awaiting the corresponding PILOT projections, to submit to the Township for their review. (I expect to have by the end of the week or beginning of next), I am still waiting for DCA approval of the URE which was submitted several weeks ago.

2. We will have to obtain from the Township a release or other document in recordable form removing the Deed Restriction imposed by the town by way of Deed in 1965 that prohibits construction of a building on a portion of the overall site.
3. We have made revisions to the architectural renderings and site plan corresponding to your most recent comments and will resubmit to you shortly for your final review. We will then be in a position to submit an application to the Planning Board for Preliminary and Final Site Plan approval. We will Planning Board approval which must in final unappealable form in order to proceed to closing.
4. We will also need final site plan approval or waiver from the County which is in process.

I hope this answers your question. Let me know if you need any further information. thank you.

Gerald R. Salerno, Esq.
Aronsohn Weiner Salerno & Kaufman, P.C.
Court Plaza South, East Wing
21 Main Street-Suite 100
Hackensack, N.J. 07601
(201) 487-4747 extension 102
gsalerno@aronsohnweiner.com

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From: Gerald Salerno
Sent: Tuesday, October 13, 2020 9:12 PM
To: Richard Preiss <RPreiss@phillipspreiss.com>
Subject: Alfred Avenue

Good evening Richard. Attached is the fiscal impact analysis for your review and comment. Once you have reviewed, please let me know if you should have any questions. thank you.

Gerald R. Salerno, Esq.
Aronsohn Weiner Salerno & Kaufman, P.C.
Court Plaza South, East Wing
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John McDonough Associates, LLC

Land Use Planning · Landscape Architecture

FISCAL IMPACT ANALYSIS

FOR:

PROPOSED MIXED-USE DEVELOPMENT

LOCATED AT:

**BLOCK 6002, LOTS 1 & 2
TOWNSHIP OF TEANECK
BERGEN COUNTY, NJ**

(October 10, 2020)



John McDonough, LA, AICP, PP
NJPP License #33LI00518900

The original of this report was appropriately signed and sealed in accordance with laws and regulations pertaining to the practice of Professional Planning in New Jersey (NJSA 45:14A and NJAC 13:41-1.3(b))

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1.0 Executive Summary

The following is a summary of the findings of this Fiscal Impact Analysis.

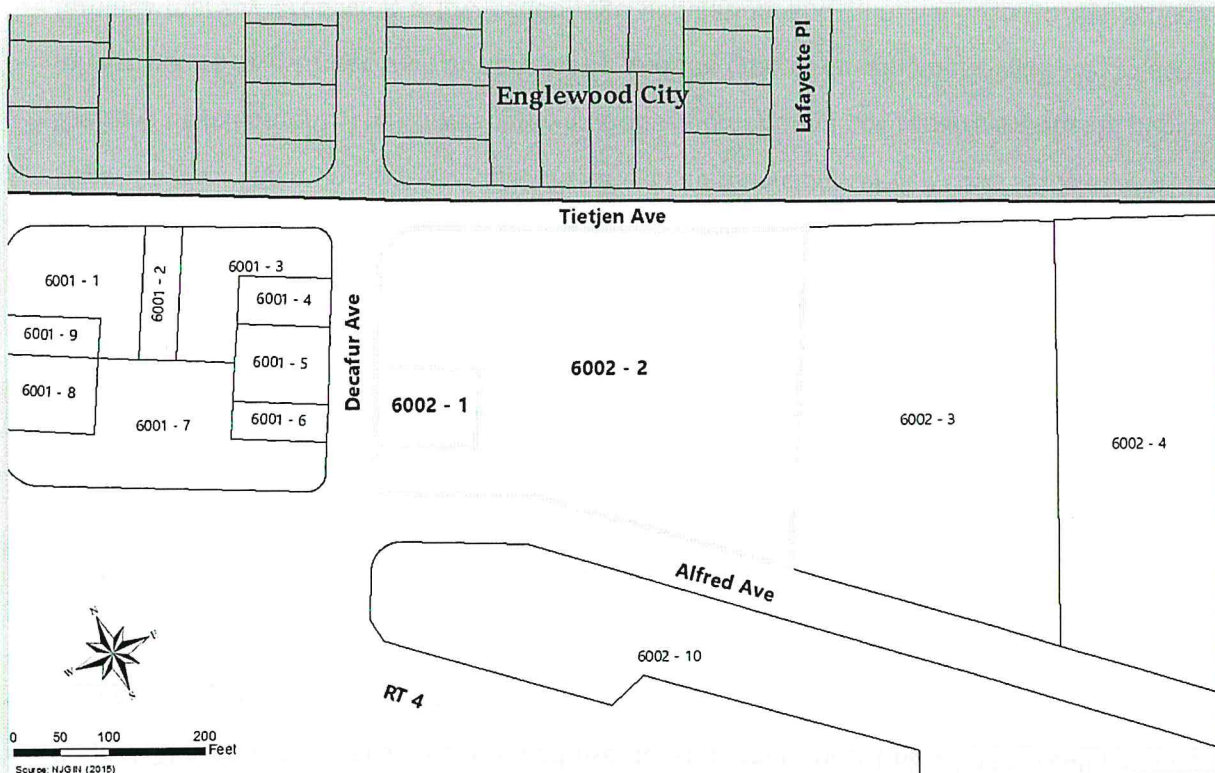
- *Property.* The subject site consists of 2 tax parcels in Block 6002 in the Township of Teaneck: Lot 1 is residential, and Lot 2 is industrial.
- *Project.* The project entails a new mixed-use development consisting of 258 dwelling units with a 15% affordable set-aside.
- *Existing Revenue.* The subject site is underperforming from a tax generation standpoint. In 2019, the municipal portion of taxes from the site was only \$39,528.
- *Projected Revenue.* The proposed redevelopment will substantially increase municipal revenue. Under a PILOT program (Payments in Lieu of Taxes), the municipality would receive approximately \$ 650,496 in annual revenue, which is more than 16 times current revenue.
- *Fiscal Surplus.* The municipal revenue will far exceed municipal service costs associated with the new development. The compact form of development will not require significant public infrastructure investment such as new roads, and the type of development will cater to non-families thereby producing a low school-age population and minimal costs to the school district. The project will be a fiscal net positive for the community.
- *Economic Benefits.* Along with the significant fiscal benefits cited above, the project will have significant economic benefits for the community, including job creation, development application fees, escrow fees, building permit and inspection fees, sewer and water hookup fees, and annual utility flow fees. Additionally, the new resident population is anticipated to generate an additional \$1.1 million dollars in annual retail sales at local stores and shops.

2.0 Existing Conditions

2.1. Site Identification

The subject site consists of 2 tax parcels in the Township of Teaneck: Block 6002 Lot 1, and Block 6002 Lot 2, as shown in **Figure 1** below. The site has frontage on 3 streets: Alfred Avenue, Decatur Avenue, and Tietjen Avenue. Lot 1 is taxed as Class 2 (Residential) and Lot 2 is taxed as Class 4B (Industrial).

Figure 1 ~ Tax Parcel Map



2.2. Existing Revenue

The subject site is underperforming from a tax generation standpoint. As shown in **Table 1** below, in 2019 the total tax revenue from the site was only \$120,240. Moreover, the improvement-to-land ratio is slightly more than 1:1, which is an economic indicator of underutilization and need

for redevelopment. Developed properties that are economically viable typically have improvement-to-land ratios of 2:1 or greater.

TABLE 1 ~ EXISTING TAX REVENUE

Lot	Class	Improvement Value	Land Value	Total Value	Imp:Land Ratio	Land Taxes	Total Taxes
Lot 1	2	123,100	89,900	213,100	1.37 : 1	2,874	6,810
Lot 2	4B	2,010,400	1,537,600	3,548,000	1.31 : 1	49,157	113,430
Totals		2,133,500	1,626,600	3,761,100		52,031	120,240

Source: Teaneck Tax Records, 2019

2.3. Municipal Profile – Existing Ratable Base

As shown in **Table 2**, Teaneck Township has a total real property tax base of approximately \$5.1 billion. Approximately 95.3% of the City’s parcels are classified as residential (with a breakdown of 94.8% non-apartment residential + 0.5% apartment residential) and approximately 87.9% of the city’s assessment value is attributable to residential properties (with a breakdown of 83.5% non-apartment residential + 4.5% apartment residential). The blended average of residential parcels and assessed value yields an estimated share of residential-associated expenditures for the City of 91.6%. Likewise, the share of nonresidential-associated expenditures for Teaneck is approximately 7.5% (vacant land accounts for approximately 0.9% based on blended average).

TABLE 2 ~ EXISTING RATABLE BASE

Property Classification	Parcels		Assessed Valuation	
	Number	Percent	Total	Percent
1. Vacant Land	144	1.2%	23,693,300	0.5%
2. Residential	11,083	94.8%	4,259,287,200	83.5%
3. Farm	0	0.0%	-	0.0%
4A. Commercial	386	3.3%	557,122,000	10.9%
4B. Industrial	14	0.1%	34,805,600	0.7%
4C. Apartments	62	0.5%	227,837,700	4.5%
Total Tax Base	11,689	100.0%	5,102,745,800	100.0%

Source: Bergen County Abstract of Ratables, 2019

2.4. Municipal Profile – Existing Tax Allocation

A breakdown of Teaneck Township’s property tax rate by local and county portions is provided in **Table 3** below. The total tax levy on real property is \$3.197 per \$100 of assessed value, with the local portion of the tax rate (i.e., municipal, school, and library portions) accounting for over 90% of the total, with approximately 33% of the total tax levy apportioned for municipal purposes; approximately 57% of the total tax levy apportioned to district schools; and approximately 1% of the total tax levy apportioned to the public library. The balance of the total tax levy is attributable to Bergen County (approximately 8.5%). Based on the above and as show in the columns to the right below, the municipal portion of the tax revenue equated to only in 2019 the municipal portion of taxes from the site was only \$39,528.

TABLE 3 ~ EXISTING TAX ALLOCATION

Jurisdiction	Tax Rate		Tax Amount	
	Number	Percent	Total	Percent
County	0.271	8.5%	10,192	8.5%
County Open Space	0.010	0.3%	376	0.3%
School District	1.816	56.8%	68,300	56.8%
Municipal Local Purpose	1.051	32.9%	39,528	32.9%
Municipal Open Space	0.010	0.3%	376	0.3%
Municipal Library	0.039	1.2%	1,467	1.2%
Total Tax Base	3.197	100.0%	120,239	100.0%

Source: Bergen County Abstract of Ratables, 2019

3.0 Proposed Conditions

3.1. Project Description

The project entails a new mixed-use development consisting of 258 dwelling units. The project includes a 15% affordable set-aside which will help the municipality meets its obligation to provide its fair share of housing for persons of low- and moderate-incomes.

The project will improve the value and revenue produced by the site. A breakdown of the proposed unit mix and associated initial rent rolls are provided in **Table 4** below. As shown in the table, the initial annual gross revenue at full build-out will exceed \$6.5 million dollars.

TABLE 4 ~ PROJECTED ANNUAL GROSS REVENUE

Unit Type	Quantity	Percent	Monthly Rent	Annual Revenue
Studio	18	8.2%	1,700	367,200
1 BR MKT	72	32.9%	2,100	1,814,400
1 BR+ MKT	28	12.8%	2,200	739,200
2 BR MKT	67	30.6%	2,500	2,010,000
2 BR+ MKT	34	15.5%	2,600	1,060,800
Market Units	219	100.0%		5,991,600
1 BR AFF	9	23.1%		
2 BR AFF	21	53.8%		
3 BR AFF	9	23.1%		
Affordable Units	39	100.0%	1,150	538,200
Totals	258			6,529,800

Source: Residential rents based on advertised rents for comparable units at Avalon Teaneck, 2020. Commercial rents based on Avison Young New Jersey Retail Market Report, Q3 2018 at \$23.45/SF for North Jersey.

3.2. Project Revenue

The entire site has been designated as an area in need of redevelopment by the Township of Teaneck. Redevelopment projects offer municipalities an alternative means of generating tax revenue besides conventional *ad valorem* taxation. Under a PILOT agreement (Payments in Lieu of Taxes), service charges may be applied as a percentage of the cost of the improvements or as a percentage of aggregate gross revenue. Rental projects are usually calculated utilizing a

percentage of aggregate gross revenue. Utilizing a percentage of aggregate gross revenue allows the municipality to share in the success of the project.

Under a PILOT program the municipality would receive a significant increase in fiscal revenue. As shown in **Table 5** below, PILOT service charges are calculated as 10% of the project’s Annual Gross Revenue (AGR). Based on the AGR in Table 4, the project PILOT service charge would be approximately \$620,331.

An added benefit of a PILOT program is that the municipality captures 95% of the PILOT service charge, compared to only 33% under current conventional taxation. On top of the service charge, the municipality also captures a 2% PILOT administration fee and the base land taxes. As shown in Table 5 below, the aggregate PILOT revenue that the municipality would realize would exceed \$650,000.

TABLE 5 ~ PROJECTED PILOT REVENUE

Line Item	Amount
1. Annual Gross Revenue (AGR) – from Table 4 above	6,589,800
2. Annual PILOT Service Charge - Total - 10% AGR	652,980
3. Annual PILOT Service Charge (ASC) - Town Portion - 95%	620,331
4. PILOT Administration Fee (2% of PILOT Service Charge, Total – from Line Item 2)	13,060
5. Land Taxes (Town Portion) – based on Tables 1 and 3 above	17,105
Total PILOT revenue (Municipal Portion) – sum of lines 3, 4, and 5 above	650,496

Source: *Local Redevelopment and Housing Law N.J.S.A. 40A:12A-1 et seq. and Long-Term Tax Exemption Law N.J.S.A. 40A:20-12.*

4.0 Project Costs

4.1. Population estimates

The proposed development will produce a residential population. A breakdown of the projected population estimate is provided in **Table 6** below, including an estimate of the projected school-age population. The project is estimated to produce approximately 497 total residents including approximately 40 children of public-school age.

TABLE 6 ~ PROJECTED POPULATION ESTIMATES

Unit Type	Quantity	Total Population		Public School-Age Population	
		Multiplier	Amount	Multiplier	Amount
Studio	18	1.597	29	0.013	0
1 BR MKT	72	1.597	115	0.013	1
1 BR+ MKT	28	1.597	45	0.013	1
2 BR MKT	67	1.996	134	0.089	12
2 BR+ MKT	34	1.996	68	0.089	6
Market Units	219		390		20
1 BR AFF	9	1.61	14	0.103	1
2 BR AFF	21	2.76	58	0.721	15
3 BR AFF	9	3.82	34	1.089	10
Affordable Units	39		107		26
Project Totals	258		497		40*

Source: Demographic multipliers for total population based on Rutgers study "Who Lives in New Jersey Housing", Bloustein School of Planning and Public Policy, November 2006, Table II-C-1, Page 85 for 5+ Units (Own/Rent) 0-1 BR above median (1.597) and 5+ Units (Own/Rent) 2-3 BR above median (1.996). Demographic multipliers for public school age population based on Rutgers study "School-Age Children in Rental Units in New Jersey", Rutgers Center for Real Estate, July 2018, Table 1, Page 85.

*Note: The school-age population is reduced downward to reflect school-age population attending public school as opposed to private school. According to the Rutgers study, data from the American Community Survey as collected by the US Census suggests 12% of all school-age children attend private schools in New Jersey.

4.2. Municipal Services

The Township of Teaneck provides an abundance of services for the people who live, work, visit, or travel through the community. These include public administrative services such as government and judicial services and land use administration; public safety services including police protection, fire protection, emergency services; public works and public health services; and public amenities including parks, recreation, and open space.

The Township of Teaneck serves an estimated population of approximately 40,977 residents and approximately 19,418 workers. The municipality can fund and provide services to its population through revenue received from taxation, governmental aid, and other sources. The project will contribute to the funding of these services at comparatively lesser cost.

The compact form of development will not require significant public infrastructure investment such as new roads and the new population will be a small increase in the overall municipal population (an increase of approximately 1.1 percent). As such, the project should not require substantial new investment in public works projects or additional staff in any of the departments currently serving the municipality such as such police and fire.

As shown in **Table 7** below, based on appropriations for public safety, uniform construction code, public works, health and human services, parks and recreation, and education, the project population would generate municipal service costs equating to approximately \$352,373

TABLE 7 ~ PROJECTED MUNICIPAL COSTS

Demographic Category	Quantity	Per Capita Cost	Total Cost
Residential Population	497 persons	\$709	\$352,373
Worker Population	0 workers	\$199	\$0
Costs	—	—	\$352,373

Source: Teaneck User Friendly Budget, 2019

4.3. School Services

The Township of Teaneck is served by a highly rated public-school district. The district has a total enrollment of approximately 3,870 students in grades PK-12. The student-teacher ratio is approximately 10 to 1, which is significantly better than the national student-teacher ratio which is approximately 17 to 1. The district ranks exceptionally high in reading proficiency, math proficiency, average graduation rate, average SAT scores and average ACT scores.

The proposed development will create a negligible increase in student population (approximately 1.1 percent). This small increase in population will have a negligible impact on the student to teacher ratio and as noted there is currently more than adequate staff capacity in this regard, based on comparison with national averages.

Review of publicly available documents such as the school district’s annual report and annual financial budget give no indication that the current enrollment is at or near capacity at any of the schools within Teaneck. The same documents give no indication as to the need for expansion or upgrade of current physical facilities to meet student demand.

The projected costs to the school district are shown in **Table 8** below. Since the modest population increase will not require expansion of staff or physical plant, the per pupil costs are to limited to appropriations for classroom supplies and textbooks; classroom purchased services; support services; legal services; physical plant operations and maintenance; extracurricular activities and equipment. The adjusted costs factor out non-district expenditures such as food service program and other federally or state-funded expenditures.

TABLE 8 ~ PROJECTED SCHOOL COSTS

Demographic Category	Quantity	Per Capita Cost	Total Cost
Student Population	41 pupils	\$7,013	\$287,533
Costs	—	—	\$287,533

Source: NJ Taxpayers Guide to Education Spending, 2020

4.4 Cost-Revenue Analysis

The proposed residential development is projected to have an overall positive fiscal impact upon the Township of Teaneck and a positive fiscal impact on the public-school district. The fiscal impact of a proposed development project is the net gain or loss to a municipality resulting from the revenues and costs associated with the project. The difference between the tax revenue generated and the service costs imposed by a project defines its fiscal impact. Under the Per Capita Multiplier approach, it is assumed that a project is in place immediately and costs and revenues are calculated in terms of the present fiscal and demographic structure of the municipality.

Based on **Table 9**, the proposed development is anticipated to generate an annual total surplus of approximately **\$15,415** to the Township of Teaneck.

TABLE 9 ~ COST-REVENUE ANALYSIS

Line Item	Amount
Gross Revenue (PILOT)	\$656,316
Aggregate Costs (Municipal + School)	\$639,906
Net Revenue	\$16,410

5.0 Other Considerations

5.1 Job Generation

In addition to having a positive fiscal impact on the Township of Teaneck from a budgetary perspective, the proposed project would also have a positive economic impact on the local and regional economies. The residential component of the project would stimulate direct job opportunities for local and regional construction and building tradesmen. Indirect job generation would also be associated with the spending on local consumer goods, i.e., lunches, gas, clothing. Based on **Table 10**, job generation associated with the residential component would total approximately 288 jobs.

Table 10:
Residential Job Generation

Multifamily Rental Units (258)	Multiplier	Jobs
Construction	0.56	140.56
Manufacturing	0.18	45.18
Wholesale and retail, transportation, warehousing	0.17	42.67
Finance and insurance	0.02	5.02
Real estate and rental leasing	0.01	2.51
Professional, management, administrative services	0.12	30.12
Other services	0.09	22.59
All industries	1.16	288.65

Source: National Association of Home Builders (NAHB)

5.2 Retail Sale Generation

In addition to the economic benefit of job generation, the proposed redevelopment would also benefit the local economy with a substantial resident population and new consumer base to support local businesses, particularly those along the commercial corridors near the site. The luxury apartments of the proposed redevelopment would attract high-income professionals, who in turn would bring a significant amount of discretionary spending into Teaneck. **Table 11** shows representative income levels that could be expected for resident tenants of the complex. Based on extrapolation of standard multipliers for discretionary income and Teaneck’s estimated consumer pull factor (i.e., the ratio of resident consumer dollars spent within Teaneck as opposed to outside ‘leakage’ spending), annual spending and retail sales generation by the residential component of the proposed redevelopment at local shops and stores could be expected to increase by more than \$1.1 million as a direct result of this development.

Table 11:
Retail Sales Generation — Residential Component

Monthly Rent	Approximate Total Monthly Income (Residents)	Approximate Total Yearly Income (Residents)	Discretionary Income (10% Total)	Local Purchase Power (0.6 Pull Factor)
\$ 552,000	\$ 1,656,000	\$ 19,872,000	\$ 1,987,200	\$ 1,192,320

4.3 Municipal Fees

In addition to the annual tax revenue the project will generate, the associated development application will generate fees related to application, escrow, building permits, inspections, sewer and water hookups. The project is expected to generate annual sewer flow fees.

6.0 Overall Conclusions

The foregoing report was prepared in order to assess the fiscal impacts associated with the proposed development in the Township of Teaneck, New Jersey. As described, the proposed development would produce a significant net annual tax surplus. Under a PILOT agreement, the net annual tax surplus to the Teaneck would be approximately **\$16,410**.

In addition to the positive fiscal impact associated with the project, there would be a positive economic impact in terms of job creation, consumer creation, and substantial first-year project fees.

APPENDIX A ~ PILOT 30-YEAR SPREAD

Municipal revenue under PILOT program will be cumulative over the lifetime of the PILOT agreement. The table below is representative of a 30-year PILOT and shows that the PILOT program will produce over **25.9 MILLION DOLLARS** for the municipality over its lifetime, compared to only 1.4 million dollars under existing conditions. The fiscal revenue each year will range from 17.5 times greater than existing revenue to 20.2 times greater. In absolute dollars to the municipality, the proposed PILOT program would produce **24.2 MILLION DOLLARS** for the municipality over existing revenue during the same time span.

YEAR	PROPOSED REVENUE	EXISTING REVENUE	MULTIPLIER
1	656,316	39,528	16.6
2	669,356	40,121	16.7
3	682,657	40,723	16.8
4	696,222	41,334	16.8
5	710,057	41,954	16.9
6	724,167	42,583	17.0
7	738,558	43,222	17.1
8	753,236	43,870	17.2
9	768,206	44,528	17.3
10	783,474	45,196	17.3
11	799,045	45,874	17.4
12	814,927	46,562	17.5
13	831,125	47,260	17.6
14	847,645	47,969	17.7
15	864,494	48,689	17.8
16	881,679	49,419	17.8
17	899,205	50,160	17.9
18	917,081	50,913	18.0
19	935,312	51,677	18.1
20	953,907	52,452	18.2
21	972,871	53,238	18.3
22	992,214	54,037	18.4
23	1,011,941	54,848	18.5
24	1,032,061	55,670	18.5
25	1,052,582	56,505	18.6
26	1,073,511	57,353	18.7
27	1,094,857	58,213	18.8
28	1,116,629	59,086	18.9
29	1,138,833	59,973	19.0
30	1,161,480	60,872	19.1
TOTALS	25,904,813	1,483,829	17.5

Note: existing revenue assumes 1.5% increase per year, proposed revenue assumes 2.0% increase per year.

APPENDIX B ~ QUALIFICATIONS OF PREPARER

John McDonough Associates, LLC is a land use planning and landscape architecture consulting firm with office location in Parsippany, New Jersey.

John McDonough, LA, PP, AICP is a licensed professional planner and landscape architect in the State of New Jersey. Both licenses are current and in good standing. He is also a member of the American Institute of Certified Planners.

All licenses have been obtained through requisite showing of educational and experience requirements and passing of license examinations (none have been achieved through reciprocity). All licenses have been maintained through participation in mandatory continuing education courses.

Mr. McDonough has been practicing as a land use consultant for over 30 years. He has been recognized as an expert in land use matters before hundreds of boards and commissions throughout the State of New Jersey, and in Superior Courts. He has been a regular speaker at the League of Municipalities annual conference and at Rutgers University Bloustein School of Planning and Public Policy.

Qualification Statement

This document is for planning purposes only and is not intended to serve as a certified financial document for audit, accounting, or other purposes. It is not intended to be binding upon the redeveloper or municipality in connection with any financial agreements.