



Affordable Housing & Tax Abatements for New Developments

Full Link to Ordinance: [Borough Code 26 \[specifically 26-2\] Affordable Housing](#)

Creation of NEW **multifamily residential development** approved by the Borough or the Borough Land Use Board that results in multifamily residential development of **five dwelling units or more** produces affordable housing at a set-aside rate of **20% for for-sale affordable units** and at a set-aside rate of **15% for rental affordable units**. There is also a fee for **Residential Development** [generally 1.5%] and **Non-Residential Development** [generally 2.5%] Fees. See the full ordinance [here](#).

Full Link to Ordinance: [Borough Code 2-8.5 Exemption and Abatement from Taxation Pursuant to N.J.S.A. 40A:21-1](#)

New construction of **four or more single-family homes** that are constructed by the **same property owner on contiguous lots, multiple dwelling, commercial and industrial structures**, which qualify pursuant to the Exemption Law for the **improvement only**. Additionally, 1) must **not be delinquent in property taxes owed**; and 2) must **comply with current Zoning Code** requirements. The exemption will be forfeited should property taxes on the property become **delinquent**.

Exemption Period	Annual Percentage Exemption
Year 1	30% of the improvements
Year 2	24% of the improvements
Year 3	18% of the improvements
Year 4	12% of the improvements
Year 5	6% of the improvements

Payment in lieu of taxes [PILOT] for Non-Residential & Mixed Use.

Tax Agreements for Exemption for **Construction of Commercial or Industrial Structures or Multiple Dwellings**. After the governing body **adopts an ordinance authorizing a tax agreement** for the project for which the application has been made, enter into an agreement with the governing body for tax exemption below for **improvement only**:

PILOT Period	Annual Percentage Tax Due
Year 1	0% of the improvements
Year 2	20% of the improvements
Year 3	40% of the improvements
Year 4	60% of the improvements
Year 5	80% of the improvements

Here is the link for the [5-year exemption and/or tax abatement](#)

Steps for Area in Need of Redevelopment for New Construction

1. Owner completes Application for NEW Construction/Development in Redevelopment Area **with plans** to Zoning.
2. After Zoning approval, submit [Redevelopment Application](#) to economicdevelopment@highlandsnj.gov
3. Mayor & Administrator review then send to Redevelopment Attorney who reaches out to owner/ owners' attorney to ensure financial information and ability to complete the project.
4. By Borough Council Resolution a Conditional Designated Agreement & Interim Costs Agreement is approved.
5. Negotiate the Redeveloper's Agreement.
6. If needed, submit application to the Land Use Board [LUB].
7. Upon LUB approval, submit construction permits in compliance with the [checklist](#) that is suitable to the project.