



# Understanding the West Lake Redevelopment PILOT Agreement

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# What is a PILOT?

- **PILOT (Payment In Lieu Of Taxes)**
- **A redevelopment financing tool authorized under New Jersey law**
- **Used to encourage projects that may not otherwise be financially feasible**
- **Commonly used for redevelopment areas, environmental cleanup, affordable housing, and major investment projects**

## **Under A PILOT:**

- **The property owner still makes annual payments to the municipality**
- **The payment structure differs from conventional property taxes**
- **The agreement lasts for a limited period of time**

# **What is the difference between a PILOT and Property Taxes?**

**First, lets understand how  
Property Taxes work.**

# PROPERTY TAXES FUND LOCAL GOVERNMENT SERVICES



Monmouth County Required About \$445M in Property Taxes in 2025 for its Operations. Neptune Township Property Owners Paid Their Share of the \$445M Based on the \*Equalized\* Value of Holmdel Relative to the other 52 Municipalities in the County. Neptune Represented about 3.31% of the County Value, so Neptune Property Owners Paid about \$14.3M in County Taxes.



The Neptune School District Cost to the Property Owners was \$74.6M in 2025. This Represented 60% of the Total Tax Bill.

**For Every \$1 of Property Taxes, About 89 Cents Stays Completely within Neptune Township** (School, Municipal, & Municipal Library Taxes)



**The Operation of the Township Taxes Represented 27% of the Total Tax Bill.** This is the Only Portion of Taxes that Neptune Township has Control Over (despite the Township's Responsibility to Collect the Entire Property Tax Amount).

**\*Equalized Value: For Shared Budgets, the Assessed Value of Each Municipality is "equalized" Based on NJ Division of Taxation Sales Ratio Study Which Analyzes the Relationship Between Assessed Values and Sale Prices Annually**



# MONMOUTH COUNTY BOARD OF TAXATION GENERAL TAX RATE CERTIFICATION SCHEDULE 2025



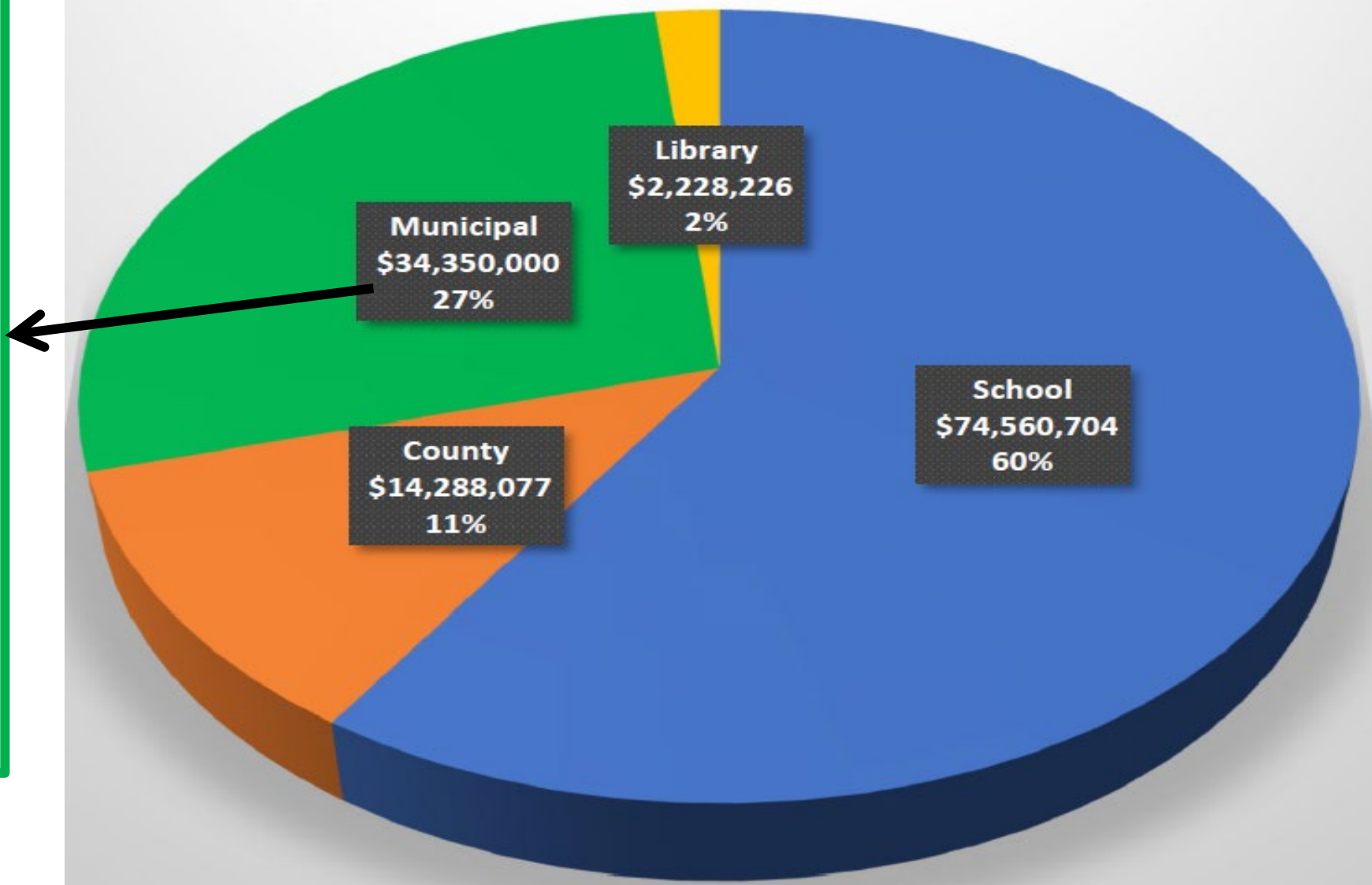
COUNTY APPORTIONMENT RATE: 0.00182258943

TAX LEVY	AMOUNT	RATE PER \$100	PERCENT
COUNTY BUDGET	\$ 12,228,715.91	0.173	9.77
COUNTY LIBRARY BUDGET	\$ -	-	0.00
DISTRICT SCHOOL BUDGET	\$ 74,560,704.00	1.052	59.44
REGIONAL SCHOOL BUDGET	\$ -	-	0.00
LOCAL MUNICIPAL PURPOSES	\$ 34,350,000.00	0.485	27.40
MUNICIPAL OPEN SPACE FUND	\$ -	-	0
MUNICIPAL LIBRARY FUND	\$ 2,228,226.00	0.031	1.75
COUNTY HEALTH BUDGET	\$ 213,070.07	0.003	0.17
COUNTY OPEN SPACE FUND	\$ 1,846,290.81	0.026	1.47
<b>TOTAL TAX LEVY ON WHICH TAX RATE IS COMPUTED</b>	<b>\$ 125,427,006.79</b>	<b>1.770</b>	

YIELD FROM	\$ 1.770	.....	\$	125,449,234.08
TOTAL TO BE RAISED	.....		\$	125,427,006.79
EXCESS	.....		\$	22,227.29
NET VALUATION TAXABLE	.....		\$	<b>7,087,527,349</b>

# 2025 Tax Levy Breakdown

- Police
- Fire
- EMS
- DPW
- Road Maintenance & Repair
- Trash Collection
- Recycling
- Snow Removal
- Municipal Administration
- Construction/Permitting
- Recreation
- Stormwater Management
- Municipal Engineering
- Zoning
- Tax Assessment/Collection
- Parks
- Code Enforcement
- Budget & Financial Management
- Etc.

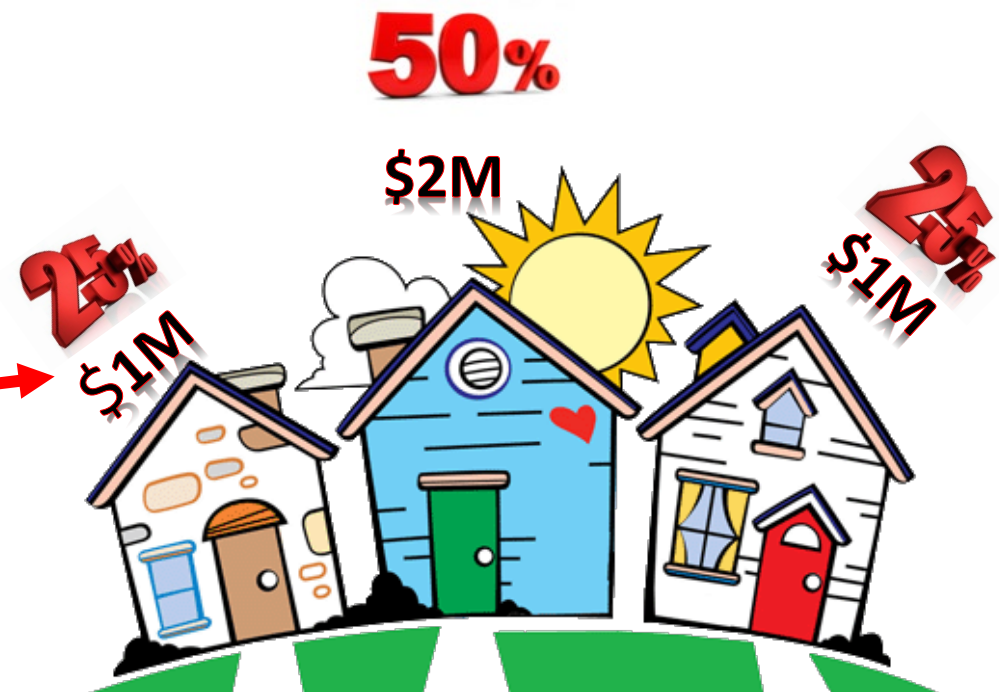


# What has caused recent property tax increases?

Tax Levy	2020	2021	2022	2023	2024	2025	5 Year Change	% Change
County	9,963,032	10,140,681	9,989,191	10,440,069	11,570,394	12,228,716	2,265,684	23%
County Health	205,461	207,843	205,932	207,884	217,384	213,070	7,609	4%
County Open Space*	1,163,260	1,220,402	1,295,265	1,479,993	1,702,666	1,846,291	*683,031	*59%
District School *	40,974,939	43,914,075	46,992,357	51,000,000	59,500,000	74,560,704	*33,585,765	*82%
Local Municipal	31,220,939	31,785,009	32,569,000	33,359,000	33,728,627	34,350,000	3,129,061	10%
Municipal Library*	1,399,071	1,468,004	1,553,955	1,780,745	2,050,413	2,228,226	*829,155	*59%
<b>Total Tax Levy</b>	<b>84,926,702</b>	<b>88,736,014</b>	<b>92,605,700</b>	<b>98,267,691</b>	<b>108,769,484</b>	<b>125,427,007</b>	<b>40,500,305</b>	<b>48%</b>

- New Jersey’s S-2 school funding law shifted a greater share of school funding responsibility from the State to local property taxpayers, causing districts like Neptune Township to lose millions in state aid and substantially increase school taxes to offset the reductions.
- New Jersey law requires municipalities to levy a minimum library tax rate — equal to approximately 3.33 cents per \$100 of equalized assessed property value — to fund free public libraries, regardless of other municipal budget pressures.
- Monmouth County’s Open Space tax rate was 2.75 cents per \$100 of equalized property value in 2025 but will increase to 3.75 cents due to a voter-approved countywide referendum. The tax is dedicated to funding land preservation, parks, farmland protection, recreation, and historic preservation projects.

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YIELD FROM	\$ 1.770	\$ 125,449,234.08
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EXCESS		\$ 22,227.29
NET VALUATION TAXABLE		\$ 7,087,527,349

$\$125.4\text{M} / 7.09\text{B} = 1.770\%$  (rounded up for full collection)

Tax Levy / Net Valuation of Property = Tax Rate

**TAX LEVY IS DISTRIBUTED BASED ON RELATIVE MARKET VALUE OF PROPERTY**



# MONMOUTH COUNTY BOARD OF TAXATION GENERAL TAX RATE CERTIFICATION SCHEDULE 2025



35

COUNTY APPORTIONMENT RATE: 0.00182258943

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COUNTY BUDGET	\$ 12,228,715.91		
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<b>TOTAL TAX LEVY ON WHICH TAX RATE IS COMPUTED</b>	<b>\$ 125,427,006.79</b>		

The Township's \$34.35M Tax Levy is the **Shortfall** between the Township's Expenses and Revenue Sources.

(About \$54.3M expenses less \$20M revenue)

YIELD FROM	\$ 1.770		\$ 125,449,234.08
TOTAL TO BE RAISED			\$ 125,427,006.79
EXCESS			\$ 22,227.29
NET VALUATION TAXABLE			\$ 7,087,527,349

# Township Revenue Source Examples

- Shared Service Revenues
- Construction Fees/Permits
- Fund Balance
- Interest on Deposits
- Court Fines
- Franchise Fees
- Grants
- State Municipal Aid
- Payment in Lieu of Taxes (PILOT)

Today's Focus is on This  
Specific Revenue Source

# Current PILOT Revenue Sources in Neptune Township

Project Name	Type of Project (use drop-down for data entry)	Agreement Start Date	Agreement End Date	PILOT Billing
Monmouth Housing Alliance	Affordable Housing			\$7,500.00
Midtown Senior Apartments	Affordable Housing	10/14/2004	10/14/2054	\$31,475.58
Silver Vistas	Affordable Housing	10/26/2015	10/26/2045	\$185,070.84
Township of Neptune Housing Authority	Affordable Housing	7/21/1958		\$71,506.00
West Lake Senior Housing	Affordable Housing	3/15/2005	3/15/2035	\$30,903.42
Winding Ridge	Affordable Housing	1/25/2016	1/25/2066	\$135,256.42
<b>Total Long Term Exemptions - Column Total</b>				<b>461,712.26</b>

Source: Neptune Township User Friendly Budget



# MONMOUTH COUNTY BOARD OF TAXATION

## GENERAL TAX RATE CERTIFICATION SCHEDULE

### 2025

35



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Instead, the PILOT payments are a revenue source that directly reduce the amount the Township needs to collect in **municipal taxes**.

Neptune Township currently collects approximately \$460K in PILOT Revenue. In other words, **without the PILOT revenue, the Township Tax Levy would be \$34.81M** (assuming the same level of municipal services).

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TOTAL TO BE RAISED		\$ 125,427,006.79
EXCESS		\$ 22,227.29
NET VALUATION TAXABLE		\$ <b>7,087,527,349</b>

**PILOTed Properties**  
 Are not included in the **ratable base** for the distribution of property taxes

# Why Municipalities Use PILOTs

- **Encourage redevelopment of vacant or underutilized property**
- **Address environmental contamination and infrastructure costs**
- **Support affordable housing creation**
- **Attract private investment**
- **Generate new municipal revenue**
- **Revitalize neighborhoods and commercial corridors**
- **Help make difficult projects financially feasible**

# Why Developers Seek PILOT Agreements

## Redevelopment projects often involve:

- Significant upfront construction
- Environmental remediation
- Affordable housing obligations
- Infrastructure improvements
- Financing challenges

**A PILOT can help stabilize long-term operating costs and improve project feasibility.**

# How do PILOTs affect Property Owners in the Township?

Each PILOTed project must be evaluated on a case-by-case basis

# Evaluating PILOT Impact: Key Questions

1. Is the project financially feasible without the PILOT subsidy?
2. If not built, what would tax revenues have been if the site remains undeveloped?
3. How does the PILOT revenue stream affect the Township's budget and tax levy?
4. Would the existence of the project increase costs to the Township?
5. Does the project advance key Township goals? (Revitalization of Area, Development of underutilized land, *Affordable housing, Historic preservation, Municipal infrastructure, Environmental remediation etc.*)
6. Does the project create synergistic effects, prompting additional redevelopment or by boosting Township property values?
7. Does the project support long term economic activity in the community?

# West Lake Redevelopment



Township-Owned Lots Currently  
Generate No Property Tax Revenue

Sites May Contain Environmental  
Contamination Requiring Costly  
Remediation

Developer Would Acquire the Lots for  
\$1.75 Million and Assume  
Environmental Liability, Protecting the  
Township from Future Cleanup Costs





18,498sf Commercial Space

Commercial				
Unit Type	Building	Number of units	Square Footage	TTL SF
Restaurant	South	1	2,673	2,673
Live/Work	South	1	527	527
Live/Work	South	1	841	841
Retail	South	1	1,247	1,247
Retail	South	1	973	973
Office	South	1	8,366	8,366
Retail	North	1	1,606	1,606
Retail	North	1	1,131	1,131
Retail	North	1	1,134	1,134
				18,498 35%

W Lake Ave NEW LANDSCAPED CURB EXTENSION W Lake Ave NEW LANDSCAPED CURB EXTENSION W Lake Ave NEW LANDSCAPED CURB EXTENSION W Lake Ave

Drummond A



31 Residential Units  
(29 Market Rate & 2 Affordable)

Residential					
Unit Type	Bed	Bath	Number of units	Square Footage	TTL SF
Residential	2.5	2	1	1,235	1,235
Residential	2.5	1	2	1,275	2,550
Residential	2	2	14	1,095	15,324
Residential	2	1	8	1,200	9,600
Residential	1	1	4	965	3,858
Affordable	1	1	1	775	775
Affordable	1	1	1	775	775
					34,117 65%

# Public Benefits

- **Revitalization of designated area in need of redevelopment**
- **Environmental remediation** and complete indemnification of the Township from liability
- **Affordable Units** (two affordable housing units)
- **Open space** (\$75,000 contribution toward maintenance of nearby parks)
- **Infrastructure and streetscape enhancements** (shade trees, benches, etc.)
- **Public art & green space**
- **Sustainable elements** (LED lighting, car charging stations, bike racks etc.)

# Financial & Economic Benefits

- **\$1.75M sale** of Township-owned property
- **+\$150k annual PILOT Revenue** (currently \$0 taxes from property)
- **New commercial activity**
- **New residents & customers** for local businesses
- **\$50,000 reimbursement** to offset Township costs related to redevelopment area designation
- **Local workforce commitments** for both construction and long-term project employment
- **Long-term investment in corridor**

# Need for PILOT

## The Project is Not Financially Feasible Under a Conventional Tax Scenario

- Total Project Cost Projected to be over \$17M
- Significant Environmental Cleanup Costs / Risk
- Affordable Housing Commitment
- Infrastructure and Public Benefit Commitments
- High Construction and Financing Costs
- Conventional Tax Uncertainty Impacts Financing

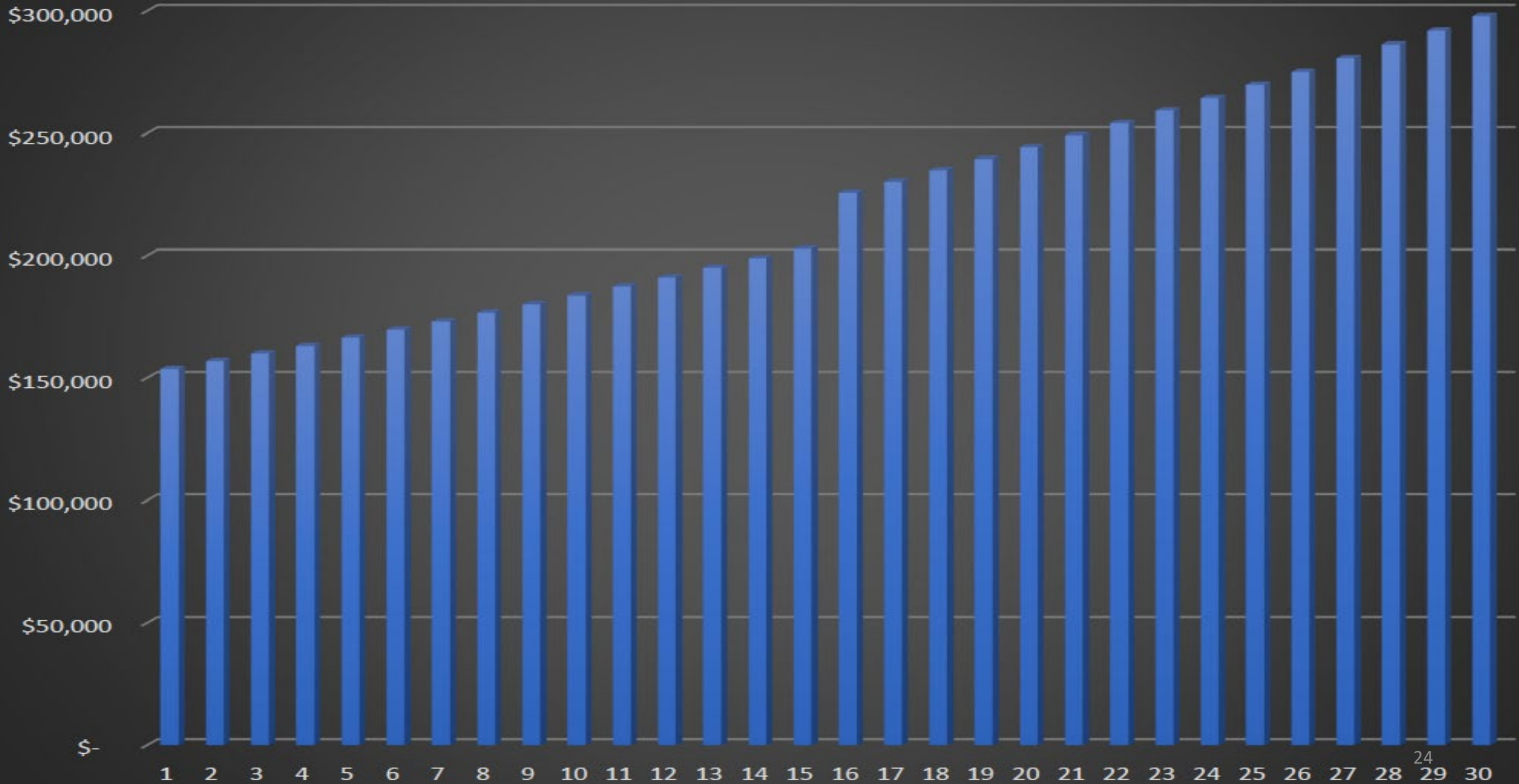
## PILOT Calculation

- 11% of Annual Gross Revenue (AGR)
- Staged increase to 12% of AGR starting year 16
- 2% Administrative Fee

Year	ASC %	Projected ASC Plus Admin Fee
1	11.0%	\$ 153,710
2	11.0%	\$ 156,784
3	11.0%	\$ 159,919
4	11.0%	\$ 163,118
5	11.0%	\$ 166,380
6	11.0%	\$ 169,708
7	11.0%	\$ 173,102
8	11.0%	\$ 176,564
9	11.0%	\$ 180,095
10	11.0%	\$ 183,697
11	11.0%	\$ 187,371
12	11.0%	\$ 191,119
13	11.0%	\$ 194,941
14	11.0%	\$ 198,840
15	11.0%	\$ 202,817

Year	ASC %	Projected ASC Plus Admin Fee
16	12.0%	\$ 225,680
17	12.0%	\$ 230,193
18	12.0%	\$ 234,797
19	12.0%	\$ 239,493
20	12.0%	\$ 244,283
21	12.0%	\$ 249,168
22	12.0%	\$ 254,152
23	12.0%	\$ 259,235
24	12.0%	\$ 264,420
25	12.0%	\$ 269,708
26	12.0%	\$ 275,102
27	12.0%	\$ 280,604
28	12.0%	\$ 286,216
29	12.0%	\$ 291,941
30	12.0%	\$ 297,779

# 30 Year Projected PILOT Revenue



# Key Takeaways

- **PILOTs are redevelopment tools authorized under NJ law**
- **They are used when projects may not be feasible under conventional taxation**
- **The West Lake project transforms non-performing property into productive use**
- **The project provides environmental, economic, and community benefits**
- **The Township must determine whether the redevelopment benefits justify the agreement, as the development would not be financially viable otherwise**



## Understanding PILOT Agreements & Why Municipalities Use Them

### What is a PILOT?

A PILOT (Payment In Lieu Of Taxes) is a financial agreement authorized under New Jersey law that allows a municipality to encourage redevelopment projects that may not otherwise occur. Instead of traditional property taxes, the property owner makes agreed-upon annual payments directly to the municipality for a set period of time.

PILOTs are commonly used for:

- Redevelopment projects
- Underutilized or blighted properties
- Affordable housing projects
- Projects with significant infrastructure costs
- Historic preservation projects

### Why Do Municipalities Use PILOTs?

**To Make Difficult Projects Financially Feasible. Without a PILOT, many projects would simply not move forward.**

Many redevelopment projects involve:

- Environmental remediation
- Infrastructure upgrades
- Structured parking
- High construction/financing costs
- Affordable housing requirements

### To Encourage Investment in the Community

PILOTs can help attract:

- Private investment
- New businesses
- Housing opportunities
- Redevelopment of vacant or obsolete properties



## To Generate New Revenue

Even though a PILOT differs from traditional property taxes, municipalities often receive:

- New annual revenue from previously underperforming properties
- Long-term economic activity
- Increased spending at local businesses
- New ratables once the PILOT expires

In many cases, municipalities receive more predictable revenue during the PILOT term than they would otherwise receive if the property remained vacant, deteriorated, or underutilized.

## Examples of Benefits Often Associated With PILOT Projects

PILOT-supported projects throughout New Jersey have helped municipalities:

- Redevelop vacant or contaminated sites
- Revitalize downtown areas
- Create affordable housing
- Improve infrastructure
- Expand housing supply
- Support transit-oriented development
- Generate construction and permanent jobs
- Increase long-term property values in surrounding areas

## Important Point

A PILOT is not intended to be a giveaway.

It is a redevelopment tool used when a municipality determines that:

1. A project provides a public benefit; and
2. The project may not be financially feasible under conventional taxation.

Each PILOT agreement is negotiated individually based on the needs of the project and the goals of the municipality.



## **PILOT SUCCESS STORIES IN NEW JERSEY**

PILOT agreements are redevelopment tools authorized under New Jersey law and used by municipalities throughout the State to encourage projects that advance important public goals. The following examples demonstrate how PILOTs have helped communities address redevelopment challenges, create housing opportunities, improve infrastructure, and generate investment.

### **Revitalizing Areas in Need of Redevelopment**

#### **Asbury Park Redevelopment**

- Helped transform underutilized properties into housing, hotels, retail, restaurants, and public amenities.
- Supported the City's long-term economic revitalization and attracted significant private investment.

#### **Jersey City Bayfront Redevelopment**

- Redevelopment of a former industrial brownfield site into a mixed-income waterfront neighborhood with housing, parks, commercial space, and public infrastructure.

#### **New Brunswick Downtown Redevelopment**

- Encouraged redevelopment of underutilized properties and helped create a vibrant downtown district with housing, retail, entertainment, healthcare, and educational facilities.

### **Constructing Affordable Housing**

#### **Holmdel – Former Vonage Headquarters Redevelopment**

- Includes 42 affordable housing units to help satisfy the Township's affordable housing obligations.

#### **Asbury Park Redevelopment Projects**

- PILOT agreements have been utilized on projects that include affordable housing components while encouraging broader redevelopment investment.

#### **Jersey City Bayfront Redevelopment**

- Includes one of the largest affordable housing commitments in New Jersey as part of a larger mixed-income redevelopment plan.

## Preserving Historic Buildings

### Bell Works – Holmdel

- Redevelopment of the historic Bell Labs complex preserved one of New Jersey's most significant architectural landmarks while creating offices, restaurants, retail space, and community gathering areas.

## Environmental Cleanup & Brownfield Redevelopment

### Jersey City Bayfront Redevelopment

- Helped support environmental remediation of a former industrial site that had remained underutilized for decades.

### Harrison Waterfront Redevelopment

- Facilitated cleanup and redevelopment of former industrial properties along the Passaic River, creating new residential and commercial investment.

## Infrastructure & Community Improvements

### Asbury Park Redevelopment Areas

- PILOTs are employed as part of the toolkit utilized to help fund critical public infrastructure improvements, including roads, utilities, drainage systems, streetscape enhancements, and public spaces needed to support redevelopment.

### Holmdel – Former Vonage Headquarters Redevelopment

- In addition to affordable housing, the project includes approximately 5 acres of land dedicated to the Township, construction of a new community center, and various community amenities open to the public (walking trails, basketball courts, pickleball courts, tennis courts, sand volleyball court, etc.)

## The Common Theme

While every project is different, municipalities generally use PILOT agreements when they determine that:

- A project advances important public goals;
- Significant redevelopment challenges or extraordinary costs exist;
- The project may not be financially feasible under conventional taxation; and
- The long-term community benefits justify redevelopment assistance.

PILOT agreements are not intended to be giveaways. They are redevelopment tools that municipalities throughout New Jersey have used to revitalize neighborhoods, create affordable housing, preserve historic assets, improve infrastructure, address environmental challenges, and attract long-term investment.