§ 696. Tax incentives. Upon the consent of the governing body of any municipality in which an urban development action area project is or is to be located, the real property of a project may be exempted from local and municipal taxes, other than assessments for local improvements and land value, to the extent of all or part of the value of the improvement included in such project, for a period of twenty years from the first date on which taxes otherwise would become due in the absence of the exemption, during the last ten years of which the exemption shall be decreased in equal annual or biennial decrements according to a formula established by the governing body at the time it gives its consent to the tax exemption, pursuant to this section. If the project consists of new construction, the land value for purposes of determining exemptions permitted by this section shall be the lesser of the assessed valuation immediately prior to commencement of construction or the assessed valuation of the land appearing on the assessment roll in the first year after completion of construction. Such exemption may only be made available where the urban development action area project includes the construction of a new structure or the renovation, rehabilitation or conversion of an existing structure where the cost of such renovation, rehabilitation or construction is at least equal to one hundred percent of the assessed value of such structure as determined in the tax year immediately preceding the governing body's grant of tax exemption to such project. Any lease of real property and appurtenances thereto for a period not exceeding twenty years shall require payments to the municipality in lieu of taxes. Such additional payments shall be required to be in equal annual or biennial escalating amounts over the life of any lease for a period not exceeding twenty years so as to ensure that payments in lieu of taxes made during the final year of such lease shall be equal to all local and municipal taxes. All renewals of any lease shall include provision for payment of rental and in lieu of tax payments greater than or equal to those required during the final year of the original lease. Any lease of real property and appurtenances thereto for a period in excess of twenty years but not exceeding ninety-nine years shall require payments in lieu of taxes. Such payments shall commence in the tenth year of such lease and increase in equal annual or biennial amounts until the twentieth year so that such payments commencing in the twenty-first year and continuing until the

conclusion of the lease shall be equal to all local and municipal taxes.