NEW JERSEY TAX COURT

One Main St Edgewater, LLC c/o Nat'l RE v. Edgewater Borough

One Main St Edgewater, LLC c/o Nat'l RE v. Edgewater Borough · No. 000444-2026; 000445-2026 · Decided April 27, 2026

SUMMARY

The New Jersey Tax Court addresses the classification of two mixed-use properties in Edgewater Borough for local property tax purposes. The court adopts a predominant-use test for classifying mixed-use properties under N.J.A.C. 18:12-2.2 and holds that the subject properties, which are predominantly residential apartment buildings, should be reclassified from Class 4A commercial property to Class 4C apartments. The court grants the plaintiff’s motions for summary judgment.

CASE DETAILS

COURT	New Jersey Tax Court
WRITING FOR THE COURT	Gregory J. Hazley
JURISDICTION	Tax Court of New Jersey
DECIDED	April 27, 2026
DOCKET	000444-2026; 000445-2026
DISPOSITION	other
PROCEDURAL POSTURE	Plaintiff appealed the municipal tax assessor's classification of two mixed-use properties as Class 4A commercial property and moved for summary judgment seeking reclassification as Class 4C apartments. The Tax Court considered whether it had jurisdiction to review the classification appeals and whether the properties should be reclassified under a predominant-use standard.
STANDARD OF REVIEW	Summary judgment is appropriate under New Jersey Court Rule 4:46-2(c) when the record shows no genuine issue of material fact and the moving party is entitled to judgment as a matter of law. The court viewed the undisputed facts in accordance with the Brill standard and reviewed the classification issue as a legal question.
PRECEDENTIAL VALUE	Published New Jersey Tax Court opinion; approved for publication in the New Jersey Tax Court Reports.
PARTIES	One Main St Edgewater, LLC c/o Nat'l RE v. Edgewater Borough

TOPICS

property tax · tax court procedure · statutory interpretation · administrative law · real estate

PRACTICE AREAS

property taxation · state and local taxation · tax court litigation · administrative law

QUESTIONS PRESENTED

1. Whether the Tax Court had jurisdiction to review appeals challenging property classification before the anticipated transfer of title and payment of the additional realty transfer fee.
2. Whether a mixed-use property lacking a specific statutory or regulatory classification standard should be classified according to its predominant use.
3. Whether the undisputed evidence established that the two subject properties should be reclassified from Class 4A commercial property to Class 4C apartments.
4. Whether plaintiff was entitled to summary judgment on the classification appeals.

HOLDINGS

1. The Tax Court has jurisdiction to consider an appeal brought solely to challenge a property's classification, including an appeal filed before the anticipated closing and payment of the additional realty transfer fee.
2. In the absence of statutory guidance or valid administrative regulations addressing mixed-use properties, a predominant-use test is the appropriate standard for determining whether the property is Class 4A commercial property or Class 4C apartments.
3. Lots 1.03 and 1.05 must be reclassified from Class 4A commercial property to Class 4C apartments because apartment use predominates under both square-footage and gross-income measures.
4. Plaintiff was entitled to summary judgment because the material facts were undisputed and the classification issue was a question of law.

KEY QUOTATIONS

> *"a predominant use test is the appropriate standard for determining a property's classification for local property tax assessment purposes."* (at 2)

> *"Based upon the above precedent and statutory language, the court concludes that a predominant use test is the appropriate standard to be utilized in determining a mixed-use property's classification for assessment purposes"* (at 25)

FACTUAL BACKGROUND

The plaintiff owned two adjacent six-story mixed-use buildings in Edgewater Borough, each containing ground-floor retail space and residential apartment units on the floors above. Lot 1.03 was approximately 86% residential by building area and generated approximately 87% of its income from apartments; Lot 1.05 was more than 90% residential by area and generated approximately 89% of its income from apartments. Despite their predominant residential use, the municipal assessor classified both properties as Class 4A commercial property for tax year 2026, while a similar third property in the development was classified as Class 4C apartments.

PROCEDURAL HISTORY

The Edgewater Borough tax assessor classified both subject properties as Class 4A for tax year 2026. Plaintiff filed Tax Court complaints on February 10, 2026, before the anticipated sale of the properties, and moved for summary judgment. The Borough conceded the material facts and offered no cognizable opposition. The Tax Court held that it had jurisdiction, granted summary judgment, and ordered reclassification of both properties from Class 4A to Class 4C.

DISPOSITION

other

CASES CITED

- Bordentown Real Estate Assoc. v. Dir., Div. of Taxation, 24 N.J. Tax 561 (Tax 2009)
- Ridgewood Commons Grp. v. Dir., Div. of Taxation, 25 N.J. Tax 188 (Tax 2009)
- Atlantic Coast LEH, LLC v. Little Egg Harbor Twp., 26 N.J. Tax 151 (Tax 2011)
- Green Pond Corp. v. Rockaway Twp., 2 N.J. Tax 273 (Tax 1981)
- East Orange v. Livingston, 102 N.J. Super. 512 (Law Div. 1968)
- Hunterdon Med. Ctr. v. Readington Twp., 22 N.J. Tax 302 (Tax 2005), aff'd, 391 N.J. Super. 434 (App. Div. 2007), rev'd in part, 195 N.J. 549 (2008)
- Black Whale, Inc. v. Dir., Div. of Taxation, 15 N.J. Tax 338 (Tax 1995)
- KSS Transp. Corp. v. Baldwin, 9 N.J. Tax 273 (Tax 1987)
- Brill v. Guardian Life Ins. Co. of Am., 142 N.J. 520 (1995)
- Howell Twp. v. Monmouth Cnty. Bd. of Taxation, 18 N.J. Tax 149 (Tax 1999)
- Judson v. Peoples Bank & Trust Co., 17 N.J. 67 (1954)
- Freehold Borough v. WNY Properties L.P./Post & Coach, 20 N.J. Tax 588 (Tax 2003)