



Legislation Details (With Text)

File #: 17-0898 **Version:** 1 **Name:** 579 Broad Street Tax Abatement
Type: Ordinance **Status:** Adopted
File created: 5/4/2017 **In control:** Economic and Housing Development
On agenda: 8/22/2017 **Final action:** 9/7/2017

Title: AN ORDINANCE GRANTING A TWENTY- TWO (22) YEAR TAX ABATEMENT TO 579 BROAD URBAN RENEWAL, LLC, 2100 ORETHA C. HALEY BOULEVARD, NEW ORLEANS, LOUISIANA 70113, FOR A PROJECT TO REHABILITATE AND CONVERT TWO (2) VACANT FORMER OFFICE BUILDINGS INTO FORTY-EIGHT (48) MARKET RATE RESIDENTIAL RENTAL UNITS AND 5,712 SQUARE FEET OF GROUND FLOOR COMMERCIAL SPACE, LOCATED ON REAL PROPERTY COMMONLY KNOWN AS 579 BROAD STREET AND 12 CENTRAL AVENUE AND IDENTIFIED ON THE CITY'S TAX MAP AS BLOCK 18, LOTS, 10, 11, 12, 14 AND 15 (CENTRAL WARD).

Sponsors: Council of the Whole

Indexes:

Code sections:

| Date | Ver. | Action By | Action | Result |
|-----------|------|-------------------|--|--------|
| 9/7/2017 | 1 | Municipal Council | Close on Public Hearing and Adopt | Pass |
| 8/22/2017 | 1 | Municipal Council | Advance and Adopt on First Reading as 6F- | Pass |

AN ORDINANCE GRANTING A TWENTY- TWO (22) YEAR TAX ABATEMENT TO 579 BROAD URBAN RENEWAL, LLC, 2100 ORETHA C. HALEY BOULEVARD, NEW ORLEANS, LOUISIANA 70113, FOR A PROJECT TO REHABILITATE AND CONVERT TWO (2) VACANT FORMER OFFICE BUILDINGS INTO FORTY-EIGHT (48) MARKET RATE RESIDENTIAL RENTAL UNITS AND 5,712 SQUARE FEET OF GROUND FLOOR COMMERCIAL SPACE, LOCATED ON REAL PROPERTY COMMONLY KNOWN AS 579 BROAD STREET AND 12 CENTRAL AVENUE AND IDENTIFIED ON THE CITY'S TAX MAP AS BLOCK 18, LOTS, 10, 11, 12, 14 AND 15 (CENTRAL WARD).

WHEREAS, 579 Broad Urban Renewal, LLC, 2100 Oretha C. Haley Boulevard, New Orleans, Louisiana 70113, filed an application with the Mayor seeking a long term tax abatement under the Long Term Tax Exemption Law, N.J.S.A. 40A:20-1 et seq. for a twenty- wo (22) year term for a project to rehabilitate and convert two (2) vacant former office buildings into forty-eight (48) market rate residential rental units and 5,712 square feet of ground floor commercial space, located on real property commonly known as 579 Broad Street and 12 Central Avenue, Newark, New Jersey and identified on the City's tax map as Block 18, Lots, 10, 11, 12, 14 and 15 (Central Ward) (the "Project"); and

WHEREAS, the Entity has proven and justified the need for a long term tax exemption for the Project for a minimum of no less than 22 years to stabilize the project financing as explained by the Entity's financial analyst at the Tax Abatement Committee meetings on April 5, 2017 and April 26, 2017; and

WHEREAS, pursuant to Section 10:24-8(a) of the Newark Municipal Code, residential projects consisting of five (5) or more units shall not exceed a term of 30 years for a long term tax exemption; and

WHEREAS, pursuant to Section 10:24-8(c) of the Newark Municipal Code, commercial projects shall not exceed a term of 15 years for a long term tax exemption; and

WHEREAS, the City has determined that the de minimus retail portion of the Project (*i.e.* 8.7% of the Project) is a hybrid that provides benefits and/or is an amenity to the residents of the Project that is also revenue generating; and therefore, does not specifically fall under Section 10:24-8(c) of the Newark Municipal Code; and

WHEREAS, Section 10:24-2 of the Newark Municipal Code provides “the provisions of the Long Term Tax Exemption Law will be controlling. N.J.S.A. 40A:20-12 shall govern permissible annual service charge amounts and permissible durations of any long term tax exemption or abatement.” The Long Term Tax Exemption Law allows for exemptions up to 30 years irrespective of the type of development; and

WHEREAS, the Mayor has submitted the application and proposed Financial Agreement to the Municipal Council with his recommendation thereof, a copy of which is annexed hereto; and

WHEREAS, in accordance with Ordinance 6PSF-a, adopted May 4, 2011, 579 Broad Urban Renewal, LLC has filed with the City a sworn statement that it has not made any contribution in violation of said ordinance; and

WHEREAS, the Municipal Council has determined pursuant to N.J.S.A. 40A:20-11 that the relative benefits of this Project outweigh any costs associated with this tax exemption and that without the tax abatement granted herein, the Project would not be undertaken.

NOW, THEREFORE, BE IT ORDAINED BY THE MUNICIPAL COUNCIL OF THE CITY OF NEWARK, NEW JERSEY, THAT:

1. The application of 579 Broad Urban Renewal, LLC, 2100 Oretha C. Haley Boulevard, New Orleans, Louisiana 70113 (the “Entity”), for the development, maintenance and operation of the Project described in the application is hereby approved in accordance with the recommendation of the Mayor project to rehabilitate and convert two (2) vacant former office buildings into forty-eight (48) market rate residential rental units and 5,712 square feet of ground floor commercial space, located on real property commonly known as 579 Broad Street and 12 Central Avenue, Newark, New Jersey and identified on the City’s tax map as Block 18, Lots, 10, 11, 12, 14 and 15 (Central Ward).

2. The abatement from taxation on improvements is hereby granted to the Entity for a period of twenty-two (22) years from the date of completion of the Project, pursuant to N.J.S.A. 40A:20-12, and only so long as the Entity is subject to and complies with the proposed Financial Agreement and the Long Term Tax Exemption Law, as amended and supplemented.

3. The Mayor of the City of Newark is hereby authorized to execute, on the City’s behalf, the Financial Agreement in the form attached hereto.

4. An executed copy of the Financial Agreement authorized by this ordinance shall be filed and maintained with the City Clerk.

5. The Project, when completed, will conform with all State laws and ordinances of the City of Newark relating to its construction and use.

6. The Affirmative Action Program now on file in the Office of the City Clerk is declared to be a material condition of the Financial Agreement authorized by this ordinance.

7. The Entity shall in the operation of the Project comply with all laws so that no person shall be subject to any discrimination because of race, religious principles, color, national origin, or ancestry.

8. The Entity shall complete the State of New Jersey Employee Information Report (herein described below), provided by the City's Office of Affirmative Action, and submit same to the State. After receiving the Certificate of Employee Information Report from the State, the Entity shall forthwith send a copy thereof to the City Clerk and the Office of Affirmative Action. The Office of Affirmative Action shall forthwith investigate the matters contained therein and report its findings to the Municipal Council.

9. The annual service charge shall be based on 11% of the Annual Gross Revenue generated from the Project and shall increase in phases as set forth more fully within the Financial Agreement.

10. The Entity shall pay the minimum annual service charge, as calculated pursuant to N.J.S.A. 40A:20-12(b)(2)(e) and the Financial Agreement, in each year in which the annual service charge, as provided in paragraph 9 above, would be less than the minimum annual service charge.

11. The following occurrences and requirements are express conditions of the granting of this tax abatement, to be performed by the Entity and the failure to comply with these requirements will result in the cancellation of the tax abatement:

(a) The Entity shall not, without prior consent of the Municipal Council of the City of Newark, sell, lease, assign, encumber, subordinate, convey, mortgage or transfer all, or any part of the Project, so as to sever, disconnect or divide the improvements from the land embraced within the Project;

(b) The Entity, pursuant to the Revised City Ordinance 10:24-1 et seq., as amended, shall be deemed to agree that it will, in good faith, assist the City of Newark in its goal of having 50% of all new jobs arising out of the businesses conducted on the Project site after the issuance of the Certificate of Occupancy and during the continuation of the tax exemption, dedicated to Newark residents, of which 25% of such all new employees shall be minority residents;

(c) The Entity shall concomitantly, with the submission of the annual report required of it by N.J.S.A. 40A:20-9(d), attach an employment report under oath, with particulars, stating the manner and the extent to which it has complied with 11(b) above. This employment report shall be filed with the Director of Finance, the Clerk of the City of Newark, and the Deputy Mayor/ Director of the Department of Economic and Housing Development;

(d) The Entity shall pay all outstanding taxes and all outstanding water and sewer charges within thirty (30) days of the adoption of this ordinance;

(e) The Entity shall submit to the City a copy of its formation documents, as approved by the Department of Community Affairs and filed with the Secretary of State;

(f) The Entity shall receive a favorable review and certification from the appropriate City departments and agencies, pursuant to City Ordinance 6S&F, adopted October 21, 1992, as amended.

12. That in any year that the Entity shall fail to make four (4) consecutive land tax payments when due and owing in the manner defined in N.J.S.A. 40A:20-12(b)(2)(e), such delinquency shall render the Entity ineligible for any land tax credits against the annual service charge.

13. The Entity understands and agrees that the revenue projections set forth in the application are estimates and that the actual payments in lieu of taxes to be paid by the Entity to the City shall be determined pursuant to the Financial Agreement to be executed between the Entity and the City of Newark.

14. To the extent of any inconsistency with any prior City ordinance and/or Municipal Code provision governing the granting of long-term tax exemptions, including, inter alia, procedures for application, review and approval, required terms of the financial agreement, required conditions and covenants, limits on duration, means of enforcement,

and all other matters whatsoever, such prior City ordinances and/or Municipal Code provisions are hereby waived, but only with respect to this ordinance.

15. Within 10 calendar days following the later of the effective date of this Ordinance or the execution of the Financial Agreement by the Entity, the City Clerk's Office of the City of Newark shall transmit a certified copy of the Ordinance and Financial Agreement to the Chief Financial Officer of the county and to the County Counsel for informational purposes.

16. This ordinance shall take effect upon final passage and publication in accordance with the laws of the State of New Jersey.

STATEMENT

This ordinance grants a long term tax abatement to 579 Broad Urban Renewal, LLC, 2100 Oretha C. Haley Boulevard, New Orleans, Louisiana 70113, pursuant to the Long Term Tax Exemption Law, N.J.S.A. 40A:20-1 et. seq., for a twenty-two (22) year term for a project to rehabilitate and convert two (2) vacant former office buildings into forty-eight (48) market rate residential rental units and 5,712 square feet of ground floor commercial space, located on real property commonly known as 579 Broad Street and 12 Central Avenue, Newark, New Jersey and identified on the City's tax map as Block 18, Lots, 10, 11, 12, 14 and 15 (Central Ward).