



Legislation Details (With Text)

File #: 23-1309 **Version:** 1 **Name:** Ordinance: Sale and Transfer of 237-243 South Street Redevelopment Agreement

Type: Ordinance **Status:** Adopted

File created: 8/9/2023 **In control:** Economic and Housing Development

On agenda: 9/20/2023 **Final action:** 10/18/2023

Title: AN ORDINANCE AUTHORIZING THE MAYOR OF THE CITY OF NEWARK, AND/OR HIS DESIGNEE, THE DEPUTY MAYOR/DIRECTOR OF THE DEPARTMENT OF ECONOMIC AND HOUSING DEVELOPMENT TO ENTER INTO AND EXECUTE THE SALE AND TRANSFER OF THE CITY OF NEWARK PROPERTIES, COMMONLY KNOWN AS 237 SOUTH STREET, NEWARK, NEW JERSEY 07114, IDENTIFIED ON THE OFFICIAL TAX MAP OF THE CITY OF NEWARK, AS BLOCK 1146, LOT 17 AND SUBDIVISION OF LOT 17 INTO LOTS 17.01 AND 17.02, PURSUANT TO AN AGREEMENT FOR SALE AND REDEVELOPMENT OF LAND.

Sponsors: Council of the Whole

Indexes:

Code sections:

Date	Ver.	Action By	Action	Result
10/18/2023	1	Municipal Council	Close on Public Hearing and Adopt	Pass
10/4/2023	1	Municipal Council	Adopt on First Reading	Pass
9/20/2023	1	Municipal Council	Advance to First Reading	Pass

AN ORDINANCE AUTHORIZING THE MAYOR OF THE CITY OF NEWARK, AND/OR HIS DESIGNEE, THE DEPUTY MAYOR/DIRECTOR OF THE DEPARTMENT OF ECONOMIC AND HOUSING DEVELOPMENT TO ENTER INTO AND EXECUTE THE SALE AND TRANSFER OF THE CITY OF NEWARK PROPERTIES, COMMONLY KNOWN AS 237 SOUTH STREET, NEWARK, NEW JERSEY 07114, IDENTIFIED ON THE OFFICIAL TAX MAP OF THE CITY OF NEWARK, AS BLOCK 1146, LOT 17 AND SUBDIVISION OF LOT 17 INTO LOTS 17.01 AND 17.02, PURSUANT TO AN AGREEMENT FOR SALE AND REDEVELOPMENT OF LAND.

WHEREAS, the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1, et seq., as amended and supplemented (the "Act"), authorizes municipalities to participate in the redevelopment and improvement of areas that are in need of redevelopment or rehabilitation; and

WHEREAS, by Ordinance 6S&Ff dated June 6, 2001, the Municipal Council adopted the "East Ward Redevelopment Plan and Feasibility of Relocation for Various City-Owned Parcels throughout the East Ward" (the "Redevelopment Plan"), which provided for the facilitation of the redevelopment of certain City-owned parcels in the East Ward for residential, commercial, and industrial use; and

WHEREAS, in order to stimulate the reinvigoration of the City, by Resolution 7Rdo(AS) adopted by the Municipal Council on June 15, 2005, the entire City of Newark was designated as an area in need of rehabilitation pursuant to the Act; and

WHEREAS, by Ordinance 6S&Fe dated September 21, 2005, the Municipal Council adopted

a First Amendment to the East Ward Redevelopment Plan, which amended the Redevelopment Plan to provide for the automatic inclusion of all City-owned parcels within the East Ward into the Redevelopment Plan; and

WHEREAS, said Redevelopment Plan complies with the requirements of all applicable State and Federal statutes and regulations promulgated thereunder; and

WHEREAS, the Redevelopment Plan is applicable to the development and redevelopment of City-owned properties, including the Property, as that term is defined herein; and

WHEREAS, pursuant to N.J.S.A. 40A: 12A-8(f), the City is authorized to arrange or contract with redevelopers for the planning, re-planning, construction or undertaking of any redevelopment project; and

WHEREAS, pursuant to N.J.S.A. 40A:12A-8(g), the City may “convey property without public bidding and at such prices and upon such terms as it deems reasonable”; and

WHEREAS, the City is the owner of that certain parcel of real property shown on the Official Tax Map of the City of Newark, as Block 1146, Lot 17 located in the East Ward of the City, and more commonly known as 237-243 South Street, Newark, New Jersey 07114, (hereinafter the "Property" or the "City Property"); and

WHEREAS, at a hearing on July 25, 2022, under Docket Number: CPB-22-32, the Newark Central Planning Board approved a minor Subdivision of the Property, which divided it into two (2) lots to be known as Block 1146, Lots 17.01 (consisting of 20,776 square feet) and 17.02 (consisting of 6,406 square feet) (hereinafter the “Lots”); and

WHEREAS, the City has determined that the Property is no longer needed for any public use and that the remediation and redevelopment of the Property as hereinafter set forth in the Agreement for the Sale and Redevelopment of Land (the “Agreement”) will contribute to the reinvigoration of the City; and

WHEREAS, on January 27, 2023, the City received an independent appraisal report from Mark E. Hendricks, CRE, FRICS, CTA, SCGREAA of Hendricks Appraisal Company, LLC, which estimated the value of the Property, without considering the effects of any environmental contamination, to be One Million Two Hundred Fifty Thousand Dollars and Zero Cents (\$1,250,000.00); and

WHEREAS, 237 South Street, LLC (the “Redeveloper”) has expressed an interest in redeveloping the Property, to include the undertaking of extensive environmental remediation, and construct and operate a building consisting of commercial and warehouse space in conformance with East Ward Redevelopment Plan (the “Project”) and the Newark Zoning Ordinances; and

WHEREAS, the Redeveloper obtained an Environmental Cost Estimate from Lewis Consulting Group, Inc., which estimated the total cost of environmental remediation on the Property to be approximately Four Hundred Sixty-Four Thousand Two Hundred and Two and Dollars and Seventy-Five Cents (\$464,202.75), which estimate includes permitting costs, investigation costs, the implementation of engineering controls, and continued monitoring and maintenance of engineering controls; and

WHEREAS, as a result of the extensive environmental cleanup that the Redeveloper will undertake, the City has agreed to issue an “Environmental Credit” to the Redeveloper in the amount of Four Hundred Sixty-Four Thousand Two Hundred and Two Dollars and Seventy-Five Cents (\$464,202.75) as the estimated cost of the environmental cleanup; and

WHEREAS, the Redeveloper is proposing to transfer Lot 17.02 to W 271 Thomas St., LLC, an adjacent property owner and a coffee company, which has operated within the City since 1929 (hereinafter referred to as the “Authorized Transfer”); and

WHEREAS, the Redeveloper will effectuate the Authorized Transfer by way of a Contract for Sale of Real Estate (“Authorized Transfer Contract”); and

WHEREAS, pursuant to the terms of the Authorized Transfer Contract, the City, the Redeveloper and 271 Thomas St., LLC, have agreed that the purchase price that 271 Thomas St., LLC will pay for Lot 17.02 shall be the same pro rata purchase price (\$/sq. ft.) that the Redeveloper will pay the City for the Property (consisting of both Lots 17.01 and 17.02). (As an example, if the City sells the entire Property for \$15.00/sq. ft., then the Redeveloper will sell Lot 17.02 to 271 Thomas St., LLC, for that same \$15.00/sq. ft.); and

WHEREAS, 271 Thomas St., LLC will participate in the cleanup and remediation of the Property; and

WHEREAS, the City has determined that the Redeveloper appears to possess the proper qualifications, financial resources, and capacity to implement and complete the Project in accordance with the Redevelopment Plan and all other applicable laws, ordinances and regulations; and

WHEREAS, the City believes the Project is in the vital and best interests of the City and that it promotes the health, safety, morals and welfare of the City's residents; and

WHEREAS, based upon the Environmental Credit and the Authorized Transfer, the City has negotiated the sales price of Five Hundred Thousand Dollars and Zero Cents (\$500,000.000) for the Property to sell to the Redeveloper; and

WHEREAS, the City has determined that the Property is no longer needed for any public use and that redevelopment of the Property will contribute to the social and economic improvement of the East Ward in accordance with the intent, goals and objectives of the City's strategy to rehabilitate and reinvigorate the City; and

WHEREAS, the City has determined that the Redeveloper possesses the proper qualifications, financial resources and the capacity to acquire and redevelop the Property; and

WHEREAS, the City and Redeveloper desire to enter into the Agreement in order to memorialize the terms and conditions of the Project, sale and redevelopment of the Property, in a form substantially consistent to the Agreement, attached hereto as Exhibit A; and

WHEREAS, pursuant to N.J.S.A. 40A:12A-8(g), the Department of Economic and Housing Development has recommended that the City sell the Property to the Redeveloper for the consideration of Five Hundred Thousand Dollars and Zero Cents (\$500,000.00) (“Purchase Price”),

which price, and under such terms as, the City deems to be reasonable, for the purpose of redeveloping the Property, in accordance with the Act, the Agreement, and the Redevelopment Plan; and

WHEREAS, the Agreement shall supersede any previous agreement(s) or conditions related to the redevelopment of the Property.

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

1. The Recitals set forth above are incorporated herein as if set forth at length.

2. The Mayor of the City of Newark, and/or his designee, the Deputy Mayor/Director of the Department of Economic and Housing Development are hereby authorized to enter into and execute the Agreement for the Sale and Redevelopment of Land (the "Agreement") in a form substantially consistent with the one attached hereto as Exhibit A.

3. The Deputy Mayor/Director of the Department of Economic and Housing Development is hereby authorized to effectuate certain business terms and conditions related to the Agreement concerning the sale and transfer of the City's property and may enter into and execute any related documents, which may be necessary to effectuate same, including, but not limited a Quitclaim Deed, and a Subdivision Deed dividing Lot 17 into Lots 17.01 and 17.02, with a Right of Reverter clause for the property commonly known as 237 South Street and identified on the Official Tax Map of the City of Newark, as Block 1146, Lot 17 (the "Property").

4. Said Quitclaim Deed and Subdivision Deed conveying title to the Property to the Redeveloper shall be approved as to form and legality by the City's Corporation Counsel and attested to and acknowledge by the City Clerk.

5. The Director of the Department of Finance is hereby authorized to receive proceeds of the sale and to deposit same in the Community Economic and Development Trust Fund.

6. The executed Amendment Agreement and all exhibits thereto, the Quitclaim Deed and all additional executed agreements shall be placed on file in the Office of the City Clerk by the Deputy Mayor/Director of Department of Economic and Housing Development.

STATEMENT

This Ordinance authorizes the Mayor of the City of Newark, and/or his designee, the Deputy Mayor/Director of the Department of Economic and Housing Development to Deputy Mayor/Director of the Department of Economic and Housing Development to effectuate certain business terms and conditions related to the Agreement for the Sale and Redevelopment of Land concerning the sale and transfer of the City's property and may enter into any related documents, which may be necessary to effectuate same, including, but not limited to a Quitclaim Deed with a Right of Reverter clause for the commonly known as 237 South Street and identified on the Official Tax Map of the City of Newark, as Block 1146, Lot 17.