



Legislation Details (With Text)

File #: 23-0622 **Version:** 1 **Name:** 38-60 Blanchard, LLC Sale of Land Agreement
Type: Ordinance **Status:** Adopted
File created: 4/24/2023 **In control:** Economic and Housing Development
On agenda: 6/7/2023 **Final action:** 8/2/2023

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 A FIRST AMENDMENT TO THE SALE AND TRANSFER OF CITY PROPERTY, COMMONLY KNOWN AS 38-60 BLANCHARD STREET AND IDENTIFIED ON THE OFFICIAL TAX MAP OF THE CITY OF NEWARK, AS BLOCK 5001, LOT 16, PURSUANT TO AN AGREEMENT FOR SALE AND REDEVELOPMENT OF LAND WITH 38-60 BLANCHARD, LLC.

Sponsors: Council of the Whole

Indexes:

Code sections:

Date	Ver.	Action By	Action	Result
8/2/2023	1	Municipal Council	Close on Public Hearing and Adopt	Pass
7/19/2023	1	Municipal Council	Adopt on First Reading	Pass
6/7/2023	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 A FIRST AMENDMENT TO THE SALE AND TRANSFER OF CITY PROPERTY, COMMONLY KNOWN AS 38-60 BLANCHARD STREET AND IDENTIFIED ON THE OFFICIAL TAX MAP OF THE CITY OF NEWARK, AS BLOCK 5001, LOT 16, PURSUANT TO AN AGREEMENT FOR SALE AND REDEVELOPMENT OF LAND WITH 38-60 BLANCHARD, LLC.

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 adopted on June 6, 2001, the Municipal Council (the "Municipal Council") of the City of Newark (the "City") then approved the East Ward Redevelopment Plan and Feasibility of Relocation for Various City-owned parcels throughout the East Ward, which provided for the facilitation of redevelopment of certain City-owned parcels in the East Ward for residential, commercial and industrial use West Ward and South Ward Redevelopment Plans, including any amendments thereto (the "Redevelopment Plan"); 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 adopted on 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 City-owned property located at 38-60 Blanchard Street, Newark, New Jersey 07105 and identified on the Official Tax Map of the City of Newark, as Block 5001, Lot 16 (hereinafter the "Property"); 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 Property is located in the East Ward of the City and was formerly the site of the Ottilio Landfill; and

WHEREAS, the City has determined that the Property is no longer needed for any public use and that the redevelopment of the Property will contribute to the reinvigoration of the City; and

WHEREAS, 38-60 Blanchard, LLC (the "Redeveloper") has expressed an interest in redeveloping the Property, to include the undertaking of extensive environmental remediation, for such other purposes as may be approved by the City and complying with the terms and conditions of a Redevelopment Agreement and the Redevelopment Plan, as set forth herein; and

WHEREAS, the City obtained an appraisal report for the Property, which estimated the value of the Property, without considering the effects of any environmental contamination on the Property, to be Two Million, Four Hundred Thousand Dollars and Zero Cents (\$2,400,000.00); and

WHEREAS, the Redeveloper then obtained an Environmental Cost Estimate from Matrix New World consultants which estimated the total cost of environmental remediation on the Property to be approximately Five Million, Four Hundred Fifty-Eight Thousand, Five Hundred Sixty-Three Dollars and Zero Cents (\$5,458,563.00), which estimate includes permitting costs, investigation costs, the implementation of engineering controls, and continued monitoring and maintenance of engineering controls; and

WHEREAS, as the cost to remediate the Property for the Redeveloper's use is well in excess of the appraised value of the Property, the City has determined that Seventy-Five Thousand Dollars and Zero Cents (\$75,000.00) is an appropriate and reasonable purchase price for the Property for the rehabilitation of the Property in accordance with the Act and the Redevelopment Plan (the "Purchase Price"); and

WHEREAS, the City determined that the Redeveloper possesses the proper qualifications, financial resources, and capacity to implement and complete the rehabilitation of the Property in accordance with the Redevelopment Plan and all other applicable laws, ordinances and regulations; and

WHEREAS, the City and Redeveloper entered into an Agreement for the Sale of Land and Redevelopment dated November 29, 2016 to memorialize the terms and conditions of the sale and redevelopment of the Property (the "Original Redevelopment Agreement") (See Exhibit A); and

WHEREAS, the Redeveloper has actively worked towards the redevelopment of the site,

which required access from the adjacent lot owned by Consolidated Rail Corp. (“Conrail”), which delayed the redevelopment of the Property as contemplated in the Original Redevelopment Agreement; and

WHEREAS, as a result of the delays, Redeveloper did not redevelop the Property in accordance with the Original Redevelopment Agreement and has therefore requested an amendment of the scope of the project in the Original Redevelopment Agreement; and

WHEREAS, the Redeveloper has asked the City to amend the scope of the project from the original purpose of constructing a moderate size industrial complex with two (2) separate components—a 15,000 sq. ft. two-story warehouse with office space and a biogas renewable energy facility, to produce a relatively clean burning, colorless, and odorless form of energy to be produced from biodegradable food and animal waste, which will consist of several buildings, including a three-story office building and storage pilos to a new amended project consisting of constructing a moderate size industrial complex consisting of two warehouses totaling 12,000 sq. ft. each respectively totaling 24,000 sq. ft. of warehouse space and a ground-mounted solar energy facility/park, with parking solely accessory to the warehouse use (the “Project”); and

WHEREAS, the Deputy Mayor/Director of the Department of Economic Housing and Development has reviewed and approved the new proposed Project; and

WHEREAS, the City believes the Project, as that term is defined herein, 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, 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, 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 Seventy-Five Thousand Dollars and Zero Cents (\$75,000.00) (“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 Amended Agreement, and the Redevelopment Plan; and

WHEREAS, the City and Redeveloper desire to enter into the First Amendment to the Agreement for the Sale and Redevelopment of Land (the “Amended 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 Amended Agreement, attached hereto as Exhibit B; and

WHEREAS, the Amended 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: (a) to enter into and execute the First Amendment to the Agreement for the Sale and Redevelopment of Land (the "Amended Agreement") in substantially the form attached hereto as Exhibit B.

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 Amended 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 with a Right of Reverter clause for the property commonly known as 38-60 Blanchard Street and identified on the Official Tax Map of the City of Newark, as Block 5001, Lot 16 (the "Property").

4. Said Quitclaim 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 Acting 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 effectuate certain business terms and conditions related to the First Amendment 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 property commonly known as 38-60 Blanchard Street and identified on the Official Tax Map of the City of Newark, as Block 5001, Lot 16.