



Legislation Details (With Text)

File #: 15-1826 **Version:** 1 **Name:** 240 MLK Urban Renewal Tax Abatemetn
Type: Ordinance **Status:** Filed
File created: 9/18/2015 **In control:** Economic and Housing Development
On agenda: 2/23/2016 **Final action:** 3/8/2016

Title: ORDINANCE GRANTING A THIRTY (30) YEAR TAX ABATEMENT TO 240 MLK URBAN RENEWAL COMPANY, LLC, 45 ACADEMY STREET, SUITE 205, NEWARK, NEW JERSEY, 07102, THE OWNER OF A PROJECT CONSISTING OF THE REHABILITATION OF AN EXISTING STRUCTURE INCLUDING THE CONSTRUCTION OF NEW ADDITIONAL FLOOR AND THE CONSTRUCTION OF A NEW FIVE (5) STORY STRUCTURE INTO A FIVE (5) STORY MARKET RATE HOUSING APARTMENT BUILDING WITH SEVENTY-SEVEN (77) RESIDENTIAL UNITS AND ONE (1) COMMERCIAL UNIT ON REAL PROPERTY KNOWN AS 93-97 JAMES STREET AND 236-250 DR. MARTIN LUTHER KING JR. BOULEVARD AND IDENTIFIED ON THE OFFICIAL TAX MAP OF THE CITY AS BLOCK 43, LOTS 38, 41 AND 48, CENTRAL WARD.
Deferred March 2, 2016

Sponsors: Council of the Whole

Indexes:

Code sections:

Date	Ver.	Action By	Action	Result
3/8/2016	1	Municipal Council	Close on Public Hearing and Adopt	Pass
3/2/2016	1	Municipal Council	Maintained on Public Hearing and Deferred	Pass
2/23/2016	1	Municipal Council	Advance and Adopt on First Reading as 6F-	Pass

**ORDINANCE GRANTING A THIRTY (30) YEAR TAX ABATEMENT TO 240 MLK URBAN RENEWAL COMPANY, LLC, 45 ACADEMY STREET, SUITE 205, NEWARK, NEW JERSEY, 07102, THE OWNER OF A PROJECT CONSISTING OF THE REHABILITATION OF AN EXISTING STRUCTURE INCLUDING THE CONSTRUCTION OF NEW ADDITIONAL FLOOR AND THE CONSTRUCTION OF A NEW FIVE (5) STORY STRUCTURE INTO A FIVE (5) STORY MARKET RATE HOUSING APARTMENT BUILDING WITH SEVENTY-SEVEN (77) RESIDENTIAL UNITS AND ONE (1) COMMERCIAL UNIT ON REAL PROPERTY KNOWN AS 93-97 JAMES STREET AND 236-250 DR. MARTIN LUTHER KING JR. BOULEVARD AND IDENTIFIED ON THE OFFICIAL TAX MAP OF THE CITY AS BLOCK 43, LOTS 38, 41 AND 48, CENTRAL WARD.
Deferred March 2, 2016**

WHEREAS, 240 MLK Urban Renewal Company, LLC, 45 Academy Street, Suite 205, Newark, New Jersey, 07102, 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 thirty (30) year term for a project consisting of the conversion of an existing but vacant four (4) story building into a five (5) story market rate housing apartment building with 52 units on real property commonly known as 93-97 James Street and 236-250 Dr. Martin Luther King, Jr. Boulevard, Newark, New Jersey and identified on the official tax map of the City as Block 43, Lots 38, 41, and 48 (the "Project"); 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, 240 MLK Urban Renewal Company, 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 240 MLK Urban Renewal Company, LLC, 45 Academy Street, Suite 205, Newark, New Jersey 07102 (the "Entity"), for the rehabilitation of an existing structure including construction of an additional story and the construction of a new five (5) story market rate housing apartment building with seventy-seven (77) residential units and one (1) commercial unit described in the application on property known as 93-97 James Street and 236-250 Dr. Martin Luther King, Jr. Boulevard, Block 43, Lots 38, 41 and 48, is y approved in accordance with the recommendation of the Mayor.

2. The abatement from taxation on improvements is granted to the Entity for a period of thirty (30) years from the date of substantial 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 Office of 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 file an employment report (herein described below) with the Office of Affirmative Action, which shall, after receiving the report, send a copy thereof to the City Clerk and the Office of Affirmative Action shall investigate the matters contained therein and report its findings to the Municipal Council.

9. The annual service charge shall be based on 10% of the Annual Gross Revenue for years one through fifteen and shall then 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 granting this tax abatement, to be performed by the Entity. Failure to comply with these requirements will result in the cancellation of the tax abatement:

(a) The Entity shall pay full taxes on the land and improvements of the Project (designated as Block 43, Lots 38, 41 and 48) until the annual service charge becomes effective;

(b) 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;

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

(d) 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(c) above. This employment report shall be filed with the Director of Finance, the City Clerk of the City of Newark, and the Deputy Mayor/ Director of the Department of Economic and Housing Development;

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

(f) 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;

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

(h) The Entity shall make a contribution to the City's Affordable Housing Trust Fund pursuant to City Ordinance 10:24-11, estimated to be approximately \$117,442.50.

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. The Office of the City Clerk of the City of Newark shall submit a certified copy of the ordinance approving the tax abatement and the proposed Financial Agreement to the Director of the Division of Local Government Services.

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 240 MLK Urban Renewal Company, LLC, 45 Academy Street, Suite 205, Newark, New Jersey 07102, 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 thirty (30) year term for a project consisting of the rehabilitation of an existing structure including the construction of an additional story and the construction of a new five (5) story structure into a five (5) story market rate apartment building with seventy-seven (77) residential units and one (1) commercial unit on real property commonly known as 93-97 James Street, 236-250 Dr. Martin Luther King, Jr. Boulevard, Newark, New Jersey and identified on the City's tax map as Block 43, Lots 38, 41 and 48.