



Legislation Details (With Text)

File #: 23-1524 **Version:** 1 **Name:** Ordinance: St. James Health, Inc. Assignment and Assumption Agreement

Type: Ordinance **Status:** Adopted

File created: 9/20/2023 **In control:** Economic and Housing Development

On agenda: 10/18/2023 **Final action:** 11/1/2023

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 ASSIGNMENT, ASSUMPTION AND SECOND AMENDMENT OF THE AGREEMENT FOR THE SALE OF LAND AND REDEVELOPMENT OF CITY PROPERTIES 442-446 SOUTH ORANGE AVENUE, 436-440 SOUTH ORANGE AVENUE, 432-434 SOUTH ORANGE AVENUE, 454-462 SOUTH ORANGE AVENUE AND 476 SOUTH ORANGE AVENUE IDENTIFIED ON THE OFFICIAL TAX MAP OF THE CITY OF NEWARK, AS BLOCK 318, LOTS 1, 4 AND 8, BLOCK 319, LOT 21, AND BLOCK 320, LOT 4.

Sponsors: Council of the Whole

Indexes:

Code sections:

Date	Ver.	Action By	Action	Result
11/1/2023	1	Municipal Council	Close on Public Hearing and Adopt	Pass
10/18/2023	1	Municipal Council	Advance and Adopt on First Reading as 6F-	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 ASSIGNMENT, ASSUMPTION AND SECOND AMENDMENT OF THE AGREEMENT FOR THE SALE OF LAND AND REDEVELOPMENT OF CITY PROPERTIES 442-446 SOUTH ORANGE AVENUE, 436-440 SOUTH ORANGE AVENUE, 432-434 SOUTH ORANGE AVENUE, 454-462 SOUTH ORANGE AVENUE AND 476 SOUTH ORANGE AVENUE IDENTIFIED ON THE OFFICIAL TAX MAP OF THE CITY OF NEWARK, AS BLOCK 318, LOTS 1, 4 AND 8, BLOCK 319, LOT 21, AND BLOCK 320, LOT 4.

WHEREAS, the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1, et seq., as amended and supplemented (the "Redevelopment Law"), provides a process for municipalities to participate in the redevelopment and improvement of areas in need of redevelopment; and

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

WHEREAS, on August 17, 2005 the Municipal Council approved Ordinance 6S&Fc(S), adopting the West Ward Redevelopment Plan, including any amendments thereto, for the Redevelopment Area (the "Redevelopment Plan"); and

WHEREAS, the City is the owner of property located at 442-446 South Orange Avenue, 436-

440 South Orange Avenue, 432-434 South Orange Avenue, 454-462 South Orange Avenue and 476 South Orange Avenue and identified as Block 318, Lots 1, 4 and 8; Block 319, Lot 21 and Block 320, Lot 4 on the Official Tax Map of the City of Newark in the County of Essex, State of New Jersey (the "Property"); 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 West Ward in accordance with the intent, goals and objectives of the Redevelopment Plan; and

WHEREAS, the Assignor previously proposed to purchase and redevelop the Property by constructing a health care center, veterans housing facility with ground floor retail, and modest parking area ("Original Project"); and

WHEREAS, the City and Assignor entered into a certain Agreement of the Sale and Redevelopment of Land dated November 21, 2017, to purchase and redevelop the Property; and

WHEREAS, the City and Assignor entered into an Amended and Restated Agreement for the Sale of Land and Redevelopment on March 19, 2019, approved by the Municipal Council by Resolution 7R2-c(S/AS) on January 15, 2019, in which the Assignor agreed to purchase the Property for \$610,000.00 and construct the Original Project (as amended, the "Redevelopment Agreement"); and

WHEREAS, to obtain the financing to construct the Original Project, the Assignor needed to lease out the Property to various medical facilities/providers and after several years, the Assignor could not secure more than one (1) prospective tenant, the Assignee, to lease the Property; and

WHEREAS, Assignor was unable to secure tenants to lease the Project to, and with Assignee as the only prospective tenant, the Assignor did not proceed with constructing the Original Project; and

WHEREAS, by a letter dated July 27, 2023, Assignor made a written request to the City to transfer the Redevelopment Agreement to Assignee; and

WHEREAS, Assignor is desirous of transferring its rights, obligations and responsibilities under Redevelopment Agreement to Assignee and Assignee is desirous of purchasing the Property from the City and developing it as a three-story, approximately 38,400 square foot medical office building and associated improvements, including a parking lot (the "Amended Project"); and

WHEREAS, Assignor seeks to occupy the first two floors of the proposed building as a federally qualified healthcare center and to lease the third floor to medical specialists affiliated with RWJ Barnabas Health that cater to low-income, Medicaid and uninsured patients; and

WHEREAS, Assignor is desirous of owning and redeveloping the Property because its existing healthcare facility at 332 South 8th Street in the City has outgrown itself, having the capacity to effectively serve 3,000 patients annually while it currently serves over 3,000 patients annually; and

WHEREAS, the Amended Project will be capable of serving over 15,000 patients annually; and

WHEREAS, by owning and developing the Property, Assignor can anticipate greater longevity at the Property, bolster its infrastructure in the City and better serve its patients; and

WHEREAS, the City will benefit by facilitating better service for the healthcare needs of its residents; and

WHEREAS, the City consents to the proposed transfer of the Redevelopment Agreement to the Assignee whereby the Assignee assumes the rights, obligations and responsibilities of the Assignor as set forth under the Redevelopment Agreement

WHEREAS, based upon the City's review of the Amended Project and other information, the City has determined that the Assignee possesses the proper qualifications, financial resources and the capacity to acquire and redevelop the Property; and

WHEREAS, the City, the Assignor and Assignee desire to enter into the Assignment, Assumption and Second Amendment of the Agreement for the Sale of Land and Redevelopment in a form substantially consistent with the one attached hereto as Exhibit A ("Assignment Agreement"); and

WHEREAS, the Assignment 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 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 the Assignment, Assumption and Second Amendment of the Agreement for the Sale of Land and Redevelopment in a form substantially consistent with the one attached hereto as Exhibit A ("Assignment Agreement").

2. 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 Assignment 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, including, but not limited to deeds for the Property consisting of 442-446 South Orange Avenue, 436-440 South Orange Avenue, 432-434 South Orange Avenue, 454-462 South Orange Avenue and 476 South Orange Avenue and identified as Block 318, Lots 1, 4 and 8; Block 319, Lot 21 and Block 320, Lot 4 on the Official Tax Map of the city of Newark in the County of Essex, State of New Jersey (the "Property"), which may be necessary in order to effectuate the Assignment Agreement.

3. The executed Agreement for the Sale and Redevelopment of Land and all exhibits shall be placed on file in the Office of the City Clerk by the Deputy Mayor/Director of Department of Economic and Housing Development.

4. The Deputy Mayor/Director of Department of Economic and Housing Development is authorized to enter into a maximum of two (2) six (6) month extensions of any timeframe set forth in the Assignment Agreement, subject to full written disclosure of such extension(s) (in the form of a signed Memorandum to be submitted to the Office of the City Clerk prior to adoption) to the Municipal

Council by the Deputy Mayor/Director of the Department of Economic and Housing Development and the approval of the City's Corporation Counsel.

5. The Redeveloper shall have thirty (30) days from the date this Resolution is certified by the Office of the City Clerk to execute the attached Assignment Agreement and return same to the Department of Economic Housing Development. Should the Redeveloper fail to execute and return the attached Amended Agreement within this thirty (30) day time period, the authorization provided by this Resolution shall be null and void, unless the Deputy Mayor/Director of Department of Economic and Housing Development agrees in writing to extend this thirty (30) day period.

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 Assignment, Assumption and Second Amendment of the Agreement for the Sale of Land and Redevelopment concerning the sale and transfer of the City's property and may enter into any related documents, including, but not limited to deeds for the Properties consisting of 442-446 South Orange Avenue, 436-440 South Orange Avenue, 432-434 South Orange Avenue, 454-462 South Orange Avenue and 476 South Orange Avenue and identified as Block 318, Lots 1, 4 and 8; Block 319, Lot 21 and Block 320, Lot 4 on the Official Tax Map of the City of Newark in the County of Essex, State of New Jersey.