



Legislation Details (With Text)

File #: 24-0668 **Version:** 1 **Name:** Carvalho Realty, LLC Subordination Agreement
Type: Resolution **Status:** Adopted
File created: 4/29/2024 **In control:** Economic and Housing Development
On agenda: 5/22/2024 **Final action:** 5/22/2024

Title: Dept./ Agency: Economic and Housing Development
Action: () Ratifying (X) Authorizing (X) Amending
Type of Service: Private Sale/Redevelopment/Subordination Agreement
Purpose: To subordinate the City’s Reverter Rights by entering into an Amended Standard Conditions of Sale and a Subordination Agreement to enable the Redeveloper to obtain financing necessary for the redevelopment of rental or for-sale owner-occupied housing.
Entity Name: Carvalho Realty, LLC
Entity Address: 236 South 11th Street, Newark, New Jersey 07107
Sale Amount: \$0.00
Cost Basis: () \$ PSF () Negotiated (X) N/A () Other:
Assessed Amount: \$0.00
Appraised Amount: \$0.00
Contract Period: Not Applicable
Contract Basis: () Bid () State Vendor () Prof. Ser. () EUS
() Fair & Open () No Reportable Contributions () RFP () RFQ
() Private Sale () Grant () Sub-recipient (X) n/a
List of Property:
(Address/Block/Lot/Ward)
485 South 18th Street/Block 325/Lot 16.01/West Ward
487 South 18th Street/Block 325/Lot 16.02/West Ward
Additional Information:
Resolution 7R2-h(S) adopted on August 11, 2020, authorized the sale of City-owned real estate property not needed for public use through a Public Real Estate Auction.

Resolution 7R2-e(AS) adopted on September 16, 2020, accepted the bids and execution of Quitclaim Deeds for properties sold at Public Auction on Thursday, August 27, 2020.

Sponsors: Council of the Whole

Indexes:

Code sections:

Date	Ver.	Action By	Action	Result
5/22/2024	1	Municipal Council	Adopt	Pass

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WHEREAS, pursuant to Resolution 7R2-h(s) adopted on August 11, 2020 and 7R2-e(as) adopted on September 16, 2020, by the Newark Municipal Council (“Municipal Council”), the Mayor and the Deputy Mayor/Director of the Department of Economic and Housing Development were authorized to execute a Quitclaim Deed (“Deed”), pursuant to the Standard Conditions of Sale, for the sale of City owned property located at 485 South 18th Street and 487 South 18th Street (formally known as 485-487 South 18th Street) and identified on the official tax map of the City as Block 325, Lots 16.01 and 16.02 (formally Block 325, Lot 16)(“Property”) as a result of an open public auction held on August 27, 2020, to Carvalho Realty LLC, 236 South 11th Street, Newark, New Jersey 07107 (“Redeveloper”) , for a purchase price of Two Hundred Thousand Two Hundred Dollars and Zero Cents (\$200,200.00) for the rehabilitation of the Property (“Project”); and

WHEREAS, such sale was authorized pursuant to N.J.S.A. 40A:12-13, which requires that such conveyance be subject to the condition that title to the Property revert back to the City in the event of a Default as defined in the Standard Conditions of Sale (the “Reverter Right”); and

WHEREAS, Redeveloper has secured financing from Eastern Union, 3839 Flatlands Avenue, Suite 211 Brooklyn New York 11234 (“Lender”) in the approximate principal amount of Eight Hundred Ninety Thousand Dollars and Zero Cents (\$890,000.00) (the “Loan”), to develop the Project, which Loan will be evidenced by a Promissory Note, and will be secured by a mortgage on the Property; and

WHEREAS, as a condition of the above Loan, the Lender has requested that the City subordinate its Reverter Rights within the Standard Conditions of Sale and Deed to the Mortgage; and

WHEREAS, N.J.S.A. 40:60-51.2, allows a municipality to waive, release, modify or subordinate any terms, covenants, conditions, limitations or reverters imposed in sales and conveyances of lands as to the erection, alteration or demolition of buildings or any other use to be made of land heretofore imposed by said municipality to accomplish the purposes for which such lands were sold and conveyed either at public or private sale including those set forth pursuant to Section 21 of P.L.1971, c. 199 (C.40A:12-21), but only after public hearing held before such Governing Body, of the holding of which notice describing the lands in question, and the terms,

covenants, conditions, limitations or reverters to be waived, released, modified or subordinated, and, if to be modified or subordinated, describing the manner in which the same shall be modified or subordinated, shall first have been given by advertisement published once each week for two weeks in a newspaper published in said municipality or, if no newspaper be published therein, then in a newspaper circulating in such municipality, provided, however, that the power herein granted shall not be exercised to impair any vested or contractual rights of third parties”; and

WHEREAS, the Department of Economic and Housing Development caused a noticed to be advertised , including the requirements established in N.J.S.A. 40:60-51.2, in the Star Ledger on May 7, 2024 and May 15, 2024, which complies with the notice requirement of once each week for two weeks; and

WHEREAS, the Municipal Council desires to subordinate the City’s Reverter Right contained in the Standard Conditions of Sale and the Deed by Entering into an Amended Standard Conditions of Sale and a Subordination Agreement so as to accomplish the Project.

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

1. The Mayor and/or his designee, the Deputy Mayor/Director of the Department of Economic and Housing Development are hereby authorized to enter into a Subordination Agreement with Eastern Union, 3839 Flatlands Avenue, Suite 211 Brooklyn New York 11234 (“Lender”) and Carvalho Realty, LLC, 236 South 11th Street, Newark, New Jersey 07107 (“Redeveloper”), in the form attached hereto, related to the property located at 485 South 18th Street and 487 South 18th Street (formally known as 485-487 South 18th Street), Newark, New Jersey, as identified on the official tax map of the City of Newark as Block 325, Lots 16.01 and 16.02 (formally Block 325, Lot 16) (the “Property”), which was sold to Redeveloper pursuant to Resolution 7R2-h(s) adopted on August 11, 2020 and Resolution 7R2-e(as) adopted on September 16, 2020, for the rehabilitation of the Property (“Project”).
2. Notice in accordance with the requirements of N.J.S.A. 40:60-51.2 of the subordination of the City’s reverter rights to the Lender as it pertains to the Property has been duly given by publication in the Star Ledger on May 7, 2024 and May 15, 2024
3. The Mayor and/or his Designee the Deputy Mayor/Director of the Department of Economic and Housing Development are hereby authorized to enter into an Amended Standard Conditions of Sale with the Redeveloper, in the form attached hereto, related to the sale of the Property for the Project.
4. All other terms and conditions of the Standard Conditions of Sale authorized by and entered into pursuant to Resolution 7R2-h(s) adopted on August 11, 2020 and Resolution 7R2-e(as) adopted on September 16, 2020, shall remain in full force and effect.
5. The Deputy Mayor/Director of the Department of Economic and Housing Development shall place a filed copy of this Resolution, the fully executed Subordination Agreement, and the Amended Standard Conditions of Sale with the Office of City Clerk.

STATEMENT

This Resolution authorizes the Mayor of the City of Newark and/or designee, and the Deputy Mayor/Director of the Department of Economic and Housing Development to enter into and execute a Subordination Agreement with Carvalho Realty, LLC, 236 South 11th Street, Newark, New Jersey 07107 (“Redeveloper”) and Eastern Union, 3839 Flatlands Avenue, Suite 211 Brooklyn New York 11234 (“Lender”) and an Amended Standard Conditions of Sale with Redeveloper, to enable the Redeveloper to obtain financing necessary for the rehabilitation of the property located at 485 South 18th Street and 487 South 18th Street (formally known as 485-487 South 18th Street), Newark, New Jersey, as shown on the official tax map of the City as Block 325, Lots 16.01 and 16.02 (formally Block 325, Lot 16) located in the West Ward.