



Legislation Details (With Text)

File #: 13-0191 **Version:** 1 **Name:** Supreme Realty, Inc.,
Type: Resolution **Status:** Filed
File created: 1/25/2013 **In control:** Economic and Housing Development
On agenda: 2/20/2013 **Final action:** 2/20/2013

Title: Dept/ Agency: Economic & Housing Development
Action: () Ratifying (X) Authorizing () Amending
Type of Service: Private Sale/Redevelopment
Purpose: Redevelopment of City-owned Properties for use as parking for a Banquet Hall located at 621-625 Orange Street (West Ward)
Entity Name: Supreme Realty, Inc.
Entity Address: 621-625 Orange Street, Newark, New Jersey 07107
Sale Amount: \$80,000.00
Cost Basis: () \$ PSF () Negotiated (X) N/A () Other:
Assessed Amount: \$187,500.00
Appraised Amount: \$ 80,000.00
Contract Period: Construction to be completed within six (6) months of conveyance of title
Contract Basis: () Bid () State Vendor () Prof. Ser. () EUS
() Fair & Open () No Reportable Contributions () RFP () RFQ
(X) Private Sale () Grant () Sub-recipient () n/a

List of Property:

(Block/Lot/Address/Ward)

BLOCK	LOT	ADDRESS	WARD	SIZE	AREA	APPRAISAL
1900.01		1 621 Orange St	West	28.1' x 78.3'	2,200.23	
\$15,000.00						
1900.01		2 623 Orange St	West	25' x 79.3'	1,982.50	
\$15,000.00						
1900.01		3 625 Orange St	West	25' x 79.3'	1,982.50	
\$15,000.00						
1899	27	5-9 South 14th St.	West	64.4x75.2	4842.88	\$35,000.00
Total					11,008.11	\$80,000.00

Additional Information:

Legislation recinds Resolutions 7RE(S) 030706; 7R3-G 010709 and any prior legislation authorizing or attempting to authorize the conveyance of the above listed properties.

Sponsors:

Indexes:

Code sections:

Date	Ver.	Action By	Action	Result
2/20/2013	1	Municipal Council	Adopt	Pass

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			Total		11,008.11	\$80,000.00

Additional Information:

Legislation recinds Resolutions 7RE(S) 030706; 7R3-G 010709 and any prior legislation authorizing or attempting to authorize the conveyance of the above listed properties.

WHEREAS, the Newark Municipal Council desires to rescind a previously authorized sale of City-owned land located in the West Ward and to re-authorize the sale of these City-owned properties for use as parking for a Banquet Hall located at 621-625 Orange Street, Newark, New Jersey; and

WHEREAS, through Resolution 7RE(S) adopted March 7, 2006, the Newark Municipal Council approved the sale of the following properties located in the West Ward:

<u>BLOCK</u>	<u>LOT</u>	<u>ADDRESS</u>	<u>SIZE</u>	<u>AREA</u>
1900.01	1	621 Orange St	28.1' x 78.3'	2,200.23
1900.01	2	623 Orange St	25' x 79.3'	1,982.50
1900.01	3	625 Orange St	25' x 79.3'	1,982.50

to Supreme Realty, Inc., a duly incorporated corporation in the State of New Jersey, located at 620-624 Orange Street, Newark, New Jersey 07107, for the nominal consideration of \$24,660.92, pursuant to the provisions of N.J.S.A. 40A:12-8(g) (the "Original Properties"); and

WHEREAS, the City of Newark entered into and executed a contract for the sale of the above-referenced properties to Supreme Realty Inc. dated March 27, 2006; and

WHEREAS, before a closing occurred between the City of Newark and Supreme Realty, Inc., the Superior Court of New Jersey, Law Division, Essex County, entered an Order to Show Cause with Temporary Restraints on May 31, 2006 and an Injunction on June 28, 2006, under Docket No. ESX-L-4430-06, enjoining the closing of any contract entered into prior to May 31, 2006, for the sale of City-owned land; and

WHEREAS, on June 22, 2007 the Superior Court of New Jersey entered a Consent Order amending the above Injunction thereby permitting the City of Newark, commencing from June 22, 2007, to enter into and close on any contract for the sale of City-owned property in accordance with N.J.S.A. 40A:12A-8; and

WHEREAS, the City of Newark was required to determine whether to name Supreme Realty, Inc., as a defendant in the Superior Court action identified above or to continue negotiations begun prior to entry of the Order to Show Cause and Injunction; and

WHEREAS, during negotiations, Supreme Realty, Inc. expressed to the City of Newark a renewed interest in acquiring the Original Properties at a higher negotiated price based upon the real estate market at that time (ie. 2007). Supreme Realty, Inc., resubmitted a proposal to the Department of Economic and Housing Development to acquire the original properties and undertake the statutory required improvement of the original properties with all fencing, lighting, drainage, paving and marking for use as a parking lot in accordance with N.J.S.A. 40A:12A-8(g) and the terms of the proposed contract; and

WHEREAS, through no fault of Supreme Realty, Inc., there was an unusually long delay in having the authorizing resolution submitted to the Municipal Council for consideration; and

WHEREAS, on January 7, 2009, the Municipal Council ultimately approved Resolution 7R3-G and authorized the sale of the original properties to Supreme Realty, Inc., for a total purchase price of \$120,000.00; and

WHEREAS, during the long delay that occurred between the negotiation of the purchase price and the actual authorization to sell the original properties, the real estate market crashed significantly; and

WHEREAS, as a result of the real estate market crash that began in 2008, Supreme Realty, Inc., requested that the City of Newark agree to a revised purchase price that was based on present conditions and not conditions from two (2) years prior; and

WHEREAS, during negotiations with the City of Newark to revise the purchase price and prior to closing on the original properties, Supreme Realty, Inc., expressed a new interest in acquiring a property adjacent to the original properties located at 5-9 South 14th Street, Newark, New Jersey 07107, identified as Block 1899, Lot 27, (the "Adjacent Property") which was also in need of rehabilitation (collectively referred to as the "Properties"); and

WHEREAS, based upon an analysis of current market conditions, the City of Newark agreed to submit a new resolution to the Municipal Council for consideration authorizing the entry of a new contract with Supreme Realty, Inc., for the sale of the properties for a total purchase price of \$80,000.00; and

WHEREAS, by Ordinance 6S&FE(S), dated August 17, 2005, the Municipal Council of the City of Newark approved the First Amendment to the West Ward Redevelopment Plan and the feasibility of relocation for various City-owned parcels located throughout the entire West Ward; and

WHEREAS, the City of Newark is proceeding with the redevelopment of the area designated and is conveying the properties without public bidding and at such prices and upon such terms as it

deems reasonable pursuant to N.J.S.A. 40A:12A-8(g); and

WHEREAS, from investigation, it appears that Supreme Realty, Inc., possesses the proper qualifications, financial resources and necessary capacity to acquire the properties within the Redevelopment Area and to develop them in accordance with the West Ward Redevelopment Plan and N.J.S.A. 40A:12A-8(g); and

WHEREAS, pursuant to N.J.S.A. 40A:12A-8(g), the Deputy Mayor/Director of Economic and Housing Development has recommended that the City of Newark sell and Supreme Realty, Inc., is willing to purchase from the City the properties located within the Redevelopment Area for the purpose of redeveloping the properties in accordance with the use specified in the Redevelopment Plan and in accordance with the contract for private sale of land; and

WHEREAS, this resolution and attached contract settles all claims asserted or which could have been asserted in a lawsuit between the City of Newark and Supreme Realty, Inc., with respect to any property interest claimed or to be claimed by Supreme Realty, Inc., to any property owned by the City of Newark without the necessity of litigation.

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 and execute a contract with Supreme Realty, Inc., 621-625 Orange Street, Newark, New Jersey 07107,, in the form attached hereto for the private sale and redevelopment of the properties listed below:

<u>BLOCK</u>	<u>LOT</u>	<u>ADDRESS</u>	<u>SIZE</u>	<u>AREA</u>	<u>APPRAISAL</u>
1900.01	1	621 Orange S.t	28.1' x 78.3'	2,200.23	\$15,000
1900.01	2	623 Orange St.	25' x 79.3'	1,982.50	\$15,000
1900.01	3	625 Orange St.	25' x 79.3'	1,982.50	\$15,000
1899	27	5-9 th South 14 th St. Total	64.4x75.2	4,842.88	\$35,000 \$80,000

The total amount of square feet for the properties amounts to 11,008.11 sq. ft. within the West Ward Redevelopment Area, are City-owned and not needed for Municipal purposes.

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 land sales contract annexed hereto and may enter into subordination agreements, and/or access and right of entry agreements. In addition, the Deputy Mayor/Director of the Department of Economic and Housing Development is hereby authorized to enter into a maximum of two six month extensions of the term of the contract and any contract timelines and milestones, provided that any contract timelines and milestones are not extended beyond the two permitted six month extensions, subject to full written disclosure (in the form of a signed memorandum to be submitted prior to adoption) to the Newark Municipal Council by the Deputy Mayor /Director of the Department of Economic and Housing Development.

3. The properties shall be sold to Supreme Realty, Inc., by private sale for consideration of a total amount of Eighty Thousand Dollars (\$80,000.00), to undertake the improvement of the lots with all necessary fencing, lighting, drainage, paving and marking for use as a parking lot, with the property consisting of a total of 11,008.11 square feet, in accordance with the contract annexed hereto and required by N.J.S.A. 40A:12A-8(g).

4. The Deputy Mayor/Director of the Department of Economic and Housing Development is hereby authorized to execute a Quit Claim Deed to Supreme Realty, Inc., for the properties. Said Quit Claim Deed conveying title to Supreme Realty, Inc., shall be approved as to form and legality by the City's Corporation Counsel and attested to and acknowledged by the City Clerk. Pursuant to N.J.S.A. 40A:12A-9, this Quit Claim Deed shall contain a covenant running with the land requiring that the owner shall construct only the uses established in the current redevelopment plan; a provision requiring Supreme Realty, Inc., to begin the building of the improvements for those uses within a period of time which the City of Newark fixes as reasonable; a provision that Supreme Realty, Inc., shall be without power to sell, lease or otherwise transfer the project, or any part thereof, without the written consent of the Municipality.

5. The Director of Finance is hereby authorized to receive proceeds of sale and to deposit same as follows: ninety (90) percent of the sales proceeds shall be deposited into the Community and Economic Development Dedicated Trust Fund established under City Resolution No. 7RG110685; and ten (10) percent of the sale proceeds shall be placed in the City's Affordable Housing Trust Fund established under City Ordinance 6PhS&FF062106 for the purpose of preserving or creating low or moderate income affordable housing.

6. A copy of the executed contract and the Bargain and Sale Quit Claim Deed shall be placed on file in the Office of the City Clerk by the Deputy Mayor/Director of the Department of Economic and Housing Development.

7. The Redeveloper shall be required to comply with the City of Newark's Minority Set-Aside Ordinance (6S&FD040595) and its Affirmative Action Plan (7RBP030195) and Federal Executive Order 11246, (as amended by Executive Orders 11375 and 12086) with respect to the award of goods and services contracts. In addition, the Redeveloper has agreed to ensure that a minimum of 40% of workers employed during the construction will be local Newark residents and that 30% of all contractors, subcontractors and suppliers shall be companies with their principal place of business in Newark, New Jersey.

8. The redevelopment of the properties must be completed within six (6) months from the transfer of ownership by the City (unless this time frame is extended in writing by the Deputy Mayor/Director of Economic and Housing Development) and must adhere to all milestones and timelines in a Project Schedule to be approved by the Department of Economic and Housing Development. The properties must conform to the City of Newark Design Guidelines, including standards for environmental sustainability, energy efficiency, and historical preservation, as established by the Department of Economic and Housing Development. Should Supreme Realty, Inc., fail to redevelop the properties, then the City, in its sole discretion, may direct Supreme Realty, Inc., to transfer title of these properties back to the City.

9. Any prior legislation, including Resolution 7RE(S), adopted on March 7, 2006, and Resolution 7R3-G, adopted on January 7, 2009 authorizing or attempting to authorize the conveyance of the properties listed above is hereby rescinded.

10. This resolution shall take effect upon adoption in accordance with applicable laws.

STATEMENT

This resolution authorizes the Mayor and/or his designee, the Deputy Mayor/Director of the Department of Economic and Housing Development to enter into and execute a contract with Supreme Realty, Inc., 620-624 Orange Street, Newark, New Jersey 07107, for the private sale and redevelopment of the following properties located in the West Ward:

<u>BLOCK</u>	<u>LOT</u>	<u>WARD</u>	<u>ADDRESS</u>	<u>SIZE</u>	<u>AREA</u>	<u>APPRAISAL</u>
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			Total		11,008.11	\$80,000.00

(a total of 11,008.11 square feet in area) to undertake the improvement of the lots with all necessary fencing, lighting, drainage, paving and marking for use as a parking lot in the West Ward as required by N.J.S.A. 40A:12A-8(g). Any prior legislation, including Resolution 7RE(S), adopted on March 7, 2006, and Resolution 7R3-G, adopted on January 7, 2009, authorizing or attempting to authorize the conveyance of the properties listed above is hereby rescinded.