



Legislation Details (With Text)

File #: 23-1798 **Version:** 1 **Name:** 508 Springfield Avenue/ L&M Capital EINC RDA
Type: Resolution **Status:** Adopted
File created: 11/9/2023 **In control:** Economic and Housing Development
On agenda: 1/24/2024 **Final action:** 1/24/2024

Title: Dept/ Agency: Economic and Housing Development
Action: () Ratifying (X) Authorizing () Amending
Type of Service: Private Sale/Redevelopment
Purpose: To provide new construction of a mixed-use, mixed-income building with commercial space on the first floor and approximately (18) residential units on the upper floors.
Entity Name: 508 Springfield Avenue, LLC
Entity Address: 59 Lincoln Park, Suite 375, Newark, New Jersey 07102
Sale Amount: \$72,852.00
Cost Basis: (X) \$6.00 PSF () Negotiated () N/A () Other:
Total Assessed Amount: \$264,000.00
Appraised Amount: \$0.00
Contract Period: To commence within three (3) months and be completed within eighteen (18) months following transfer of property ownership from the City to the Redeveloper
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 Properties:
(Address/Block/Lot/Ward)
516 Springfield Avenue/Block 307/Lot 6/ Central Ward
514 Springfield Avenue/Block 307/Lot 7/Central Ward
512 Springfield Avenue/Block 307/Lot 8/Central Ward
510 Springfield Avenue/Block 307/Lot 9/Central Ward
508 Springfield Avenue/Block 307/Lot 10/Central Ward
Additional Information:
Sale Price: Total Square Footage X PSF = 12,142 X \$6.00 = \$72,852.00.
Sale at prices set forth by Ordinance 6S&Fh, adopted on April 7, 2004, establishing the minimum sale price of City-owned properties.

Sponsors: Council of the Whole

Indexes:

Code sections:

Date	Ver.	Action By	Action	Result
1/24/2024	1	Municipal Council		

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Additional Information:

Sale Price: Total Square Footage X PSF = 12,142 X \$6.00 = \$72,852.00.

Sale at prices set forth by Ordinance 6S&Fh, adopted on April 7, 2004, establishing the minimum sale price of City-owned properties.

WHEREAS, the purpose of this Resolution is to approve the sale and redevelopment of the following City-owned properties (the "Properties") located in the Central Ward of the City of Newark (the "City")

ADDRESS	WARD	BLOCK	LOT	SIZE	SQ. FEET
516 Springfield Avenue	Central	307	6	23.9X100	2390
514 Springfield Avenue	Central	307	7	23.9X100	2390
512 Springfield Avenue	Central	307	8	24X100	2400
510 Springfield Avenue	Central	307	9	24X100	2400
508 Springfield Avenue	Central	307	10	24.4X105	2562

Total Square Footage: 12,142

Total Purchase Price: \$72,852.00 (\$6.00 per sf); and

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, in order to stimulate the reinvigoration of the City, by Resolution 7Rdo(AS) adopted on June 15, 2005, the entire City was designated as an Area in Need of Rehabilitation pursuant to the Act; and

WHEREAS, by Ordinance 6S&FeE(s) dated August 17, 2005, the Municipal Council adopted a First Amendment to the Central Ward Redevelopment Plan (the "Redevelopment Plan"), which amended the Redevelopment Plan to provide for the automatic inclusion of all City-owned parcels within the Central Ward into the Redevelopment Plan; and

WHEREAS, said Redevelopment Plan complies with the requirements of all applicable State and Federal statutes and the regulations promulgated thereunder; and

WHEREAS, the Redevelopment Plan is applicable to the development and redevelopment of City-owned properties, including the Properties, as that term is defined herein; 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, on March 15, 2023, the City of Newark issued Request for Qualifications (RFQ) seeking experienced contractors, developers, and non-profits to participate in a major new equitable growth housing initiative; and

WHEREAS, the new initiative “Equitable Investments in Newark Communities” was issued to help increase affordability and build wealth by creating or renovating multi-family buildings and homes that residents can own and/or rent, expanding opportunities for Minority/Women-owned Business Enterprise (MWBE) developers and contractors, and providing jobs and job training for Newark residents; and

WHEREAS, the City has determined that the Properties are no longer needed for any public use and that redevelopment of the Properties will contribute greatly to the City’s Equitable Investments in Newark Communities initiative in furtherance of increasing affordability by creating or renovating multi-family buildings and homes to be sold and/or rented to residents at affordable prices; and

WHEREAS, 508 Springfield Avenue, LLC (the “Redeveloper”) has submitted a qualification statement to the City’s Department of Economic and Housing Development in response to the RFQ outlining its intention to acquire and redevelop the Properties, by constructing thereon a multi-story, mixed-use, mixed income building with commercial space on the first floor and approximately eighteen (18) residential units on the upper floors, consisting of twelve (12) three-bedroom units and six (6) one-bedroom (the “Project”); and

WHEREAS, the Project will consist of mixed income residential units with approximately six (6) of the three-bedroom units, to be maintained as market-rate residential units; the remaining units will be maintained and deed-restricted as affordable rental units for a period of at least fifteen (15) years from the issuance of the Certificate of Occupancy, reserved for residents with a household income between 30%, 50% and 80% of the area median income for Essex County (“AMI”), in accordance with the Fair Housing Act, N.J.S.A. 52:27D-301, et seq., (the “Affordable Units”); and

WHEREAS, the Project is subject to the City’s Inclusionary Zoning Ordinance 6PSF-b, duly adopted October 4, 2017 (as subsequently amended, the “Inclusionary Ordinance”), twenty percent (20%) of the residential units (approximately four (4) of the Affordable Units) will be maintained and deed-restricted as affordable housing units for a period of thirty (30) years in accordance with the requirements of the Inclusionary Ordinance; and

WHEREAS, based upon the City’s review of the qualification statement and other information, the City has determined that the Redeveloper possesses the proper qualifications, financial resources and the capacity to acquire and redevelop the Properties in furtherance of Equitable Investments in Newark Communities; and

WHEREAS, pursuant to the above-mentioned statutory authority, the Department of Economic

and Housing Development recommends that the City sell the Properties to the Redeveloper for the consideration of Seventy-Two Thousand Eight Hundred Fifty-Two Dollars \$72,852.00 (“Purchase Price”), which price, and under such terms as, the City deems to be reasonable, for the purpose of redeveloping the Properties, in accordance with the Act, this Agreement, and the Redevelopment Plan.

NOW, THEREFORE, BE IT RESOLVED 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 and execute the Agreement for the Sale and Redevelopment of Land attached hereto with 508 Springfield Avenue, LLC, 59 Lincoln Park, Suite 375, Newark, New Jersey 07102 for the private sale and redevelopment of the following Properties, for the following Purchase Price, in accordance with the requirements of the Act, the terms and conditions of the attached Agreement and the Redevelopment Plan:

<u>ADDRESS</u>	<u>WARD</u>	<u>BLOCK</u>	<u>LOT</u>	<u>SIZE</u>	<u>SQ. FEET</u>
516 Springfield Avenue	Central	307	6	23.9X100	2390
514 Springfield Avenue	Central	307	7	23.9X100	2390
512 Springfield Avenue	Central	307	8	24X100	2400
510 Springfield Avenue	Central	307	9	24X100	2400
508 Springfield Avenue	Central	307	10	24.4X105	2562

Total Square Footage: 12,142

Total Purchase Price: \$72,852.00 (\$6.00 per sf); and

2. Said Properties shall be sold to 508 Springfield Avenue, LLC by private sale for the purpose of redeveloping the above-mentioned Properties into a multi-story, mixed-use, mixed income building with commercial space on the first floor and approximately eighteen (18) residential units on the upper floors.
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 Agreement annexed hereto and may enter into access and right of entry agreements, and any related documents, which may be necessary in order to effectuate the sale of the Properties and the terms and conditions of the Agreement, all in forms subject to the approval of the City’s Corporation Counsel.
4. The Deputy Mayor/Director of the Department of Economic and Housing Development is hereby authorized to enter into a maximum of two (2) six (6) month extensions of any timeframe set forth in the 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 entry into such agreement) 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 be designated as the exclusive redeveloper of the Properties and any other prior legislation authorizing or intended to authorize the sale and/or redevelopment and/or rehabilitation of the Properties is hereby rescinded.
6. 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 Agreement and return same to the Department of Economic and Housing Development. Should the Redeveloper fail to execute and return the attached 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 the Department of Economic and Housing Development agrees in writing to extend this thirty (30) day time period.
7. The Director of the Department of Finance is hereby authorized to receive proceeds of the sale and to deposit same as follows: ninety percent (90%) of the sale proceeds shall be deposited into the Community and Economic Development Dedicated Trust Fund established under Resolution 7Rg, adopted on November 6, 1985; and ten percent (10%) of the sale proceeds shall be placed in the City's Affordable Housing Trust Fund established under City Ordinance 6S&Ff, adopted on June 21, 2006, for the purpose of preserving low and moderate income affordable housing.
8. The Deputy Mayor/Director of the Department of Economic and Housing Development shall place a copy of the executed Agreement for the Sale and Redevelopment of Land, the Quitclaim Deed, and all such other executed agreements authorized by this Resolution on file in the Office of the City Clerk.
9. The Redeveloper shall be required to comply with the City of Newark's Minority Set-Aside Ordinance 6S&Fd, adopted on April 5, 1995; the City of Newark's Affirmative Action Plan, 7Rbp, adopted on March 1, 1995; Federal Executive Order 11246, (as amended by Executive Orders 11375 and 12086) regarding the award of goods and services contracts; and the City of Newark Ordinance 6PSF-c, adopted on June 17, 2015, Amending Title II, Administration, Chapter 4, General Administration, Section 20, Hiring of Newark Residents by Contractors or Other Persons Doing Business with the City of Newark and Section 21, Newark Residents' Employment Policy, by Adding Language to Address Immediate Short Term Training and Employment Opportunities and Repealing the Newark Employment Commission, a copy of which is attached to the Agreement as Exhibit C (the "First Source Ordinance"), all as may be applicable. The Redeveloper shall provide the Department of Economic and Housing Development with the required forms showing compliance with the above, and a copy of these forms shall be filed with the Office of the City Clerk. In addition, the Redeveloper has agreed to ensure that thirty percent (30%) of all contractors, subcontractors and suppliers shall be Newark-based companies.
10. The development of the Properties shall commence within three (3) months and be completed within eighteen (18) months following the transfer of ownership of the Properties from the City to the Redeveloper.
11. The project to be implemented by the Redeveloper shall conform to the City of Newark Design Guidelines, including standards for environmental sustainability and energy efficiency, as established by the Department of Economic and Housing Development. Additionally, the Redeveloper shall conduct any environmental investigation and remediation upon the

Properties as may be necessary. Should the Redeveloper fail to diligently pursue the redevelopment of the Properties, the City, in its sole discretion, may exercise its Right of Reverter to transfer title to the Properties back to the City, in accordance with the terms and conditions of the Agreement and the deed. Failure to exercise or delay in exercising this Right of Reverter by the City of Newark shall not constitute a waiver nor shall such failure and/or delay serve as a basis for adverse possession of the Properties. Any and all waivers of the City's Right of Reverter shall be in writing.

- 12. The Deputy Mayor/Director of the Department of Economic and Housing Development is hereby authorized to execute a Quitclaim Deed to the Redeveloper for the Properties. Said Quitclaim Deed conveying title to the Properties to the Redeveloper shall be approved as to form and legality by the City's Corporation Counsel and attested to and acknowledged by the City Clerk.

STATEMENT

This Resolution 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 enter into and execute an Agreement for the Sale and Redevelopment of Land with 508 Springfield Avenue, LLC, 59 Lincoln Park, Suite 375, Newark, New Jersey 07102 for the private sale and redevelopment of the following Properties, for the following Purchase Price, in accordance with the requirements of N.J.S.A. 40A:12A-8(g), the terms and conditions of the attached Agreement for the Sale and Redevelopment of Land, and the Redevelopment Plan, to develop the Properties into a multi-story, mixed-use, mixed income building with commercial space on the first floor and approximately eighteen (18) residential units on the upper floors:

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