



Legislation Details (With Text)

File #: 15-1972 **Version:** 1 **Name:** 36-54 Rector Street - Rector Urban Renewal LLC
Type: Resolution **Status:** Filed
File created: 10/14/2015 **In control:** Economic and Housing Development
On agenda: 11/10/2015 **Final action:** 11/10/2015

Title: Dept/ Agency: Economic & Housing Development
Action: () Ratifying (X) Authorizing () Amending
Type of Service: Grant Agreement
Purpose: To grant financial assistance for a project consisting of one building along Rector Street - 21 stories, 168 residential units, over commercial space, and 117 parking spaces, on the property commonly known as 36-54 Rector Street, Newark New Jersey and identified on the official tax map of the City as Block 17, Lot 26 (Central Ward
Entity Name: 36-54 Rector Urban Renewal, LLC
Entity Address: 120 Albany Street, Suite 305, Tower I, 8th Floor, New Brunswick, New Jersey, 08901
Contract Amount: \$2,000,000.00
Funding Source: : Motor Vehicle Rental Tax Revenues
Contract Period: To Commence upon Effective Date and expire upon termination as set forth in Grant Agreement
Contract Basis: () Bid () State Vendor () Prof. Ser. () EUS
() Fair & Open () No Reportable Contributions () RFP () RFQ
() Private Sale (X) Grant () Sub-recipient () n/a
Additional Information:

Sponsors: Council of the Whole

Indexes:

Code sections:

| Date | Ver. | Action By | Action | Result |
|------------|------|-------------------|--------|--------|
| 11/10/2015 | 1 | Municipal Council | Adopt | Pass |

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Additional Information:

WHEREAS, 36-54 Rector Urban Renewal, LLC (the "Redeveloper"), requests financial assistance to construct a mixed-use project upon property located at 36-54 Rector Street, Newark, New Jersey (Central Ward), and identified on the official tax map of the City as Block 17, Lot 26 (the "Property"), consisting of one mixed-use building along Rector Street - 21 stories, 168 residential units, over commercial space, and 117 parking spaces (the "Project"); and

WHEREAS, the Project is located within an area in need of redevelopment as defined under the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq. (the "LRHL"), and is governed by the Newark's River: Public Access and Redevelopment Plan, as amended; and

WHEREAS, the Project currently has a significant funding gap that must be bridged in order to make the Project financially feasible; and

WHEREAS, N.J.S.A. 40A:12A-8(f) of the LRHL authorizes municipalities to provide grants to redevelopers to provide financial assistance for the performance of redevelopment activities in order to implement redevelopment projects in accordance with redevelopment plans; and

WHEREAS, the Project qualifies for financial assistance under the LRHL since it is located within a redevelopment area and is being performed in order to implement an approved redevelopment plan; and

WHEREAS, Sections 19 through 27 of Chapter 90, P.L. 2009, the New Jersey Economic Stimulus Act of 2009 (N.J.S.A. 40:48H-1 et seq.) (the "Municipal Motor Vehicle Rental Tax Law") authorizes qualifying municipalities to impose, by ordinance, a tax upon motor vehicle rental transactions occurring within designated industrial zones of the municipality and to utilize the tax revenues collected thereunder (hereinafter, the "Motor Vehicle Rental Tax Revenues") for specified eligible purposes; and

WHEREAS, the City of Newark is one of the municipalities which qualifies under the Municipal Motor Vehicle Rental Tax Law, specifically N.J.S.A. 40:48H-6, to impose, by ordinance, a tax upon motor vehicle rental transactions occurring within designated industrial zones; and

WHEREAS, as authorized by the Municipal Motor Vehicle Rental Tax Law, the Municipal Council of the City of Newark adopted Ordinance 6PSF-I 050510 (the "Motor Vehicle Rental Tax Ordinance") imposing a tax upon motor vehicle rental transactions occurring within the Second and Third Industrial Districts of the City; and

WHEREAS, the validity of the Motor Vehicle Rental Tax Ordinance has been upheld by the Law Division and by the Appellate Division and no court has stayed the City's collection or use of the Motor Vehicle Rental Tax Revenues collected pursuant to the Motor Vehicle Rental Tax Ordinance; and

WHEREAS, both the Municipal Motor Vehicle Rental Tax Law and the Motor Vehicle Rental Tax Ordinance authorize the use of Motor Vehicle Rental Tax Revenues for specified eligible purposes, including but not limited to the payment or reimbursement of costs of any redevelopment project or other undertaking in furtherance of a redevelopment plan in any area in need of redevelopment or area in need of rehabilitation within the municipality; and

WHEREAS, the provision of financial assistance to the Redeveloper for the Project is an eligible purpose for Motor Vehicle Rental Tax Revenues since the Project involves the redevelopment of property located within a redevelopment area in order to implement the Newark's River: Public Access and Redevelopment Plan, as amended; and

WHEREAS, the City wishes to use Motor Vehicle Rental Tax Revenues to fund a grant to the Redeveloper in an amount not to exceed Two Million Dollars (\$2,000,000.00) (the "Grant").

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

1. The Municipal Council of the City of Newark hereby authorizes the use of up to Two Million Dollars (\$2,000,000.00) of Motor Vehicle Rental Tax Revenues collected pursuant to the Motor Vehicle Rental Tax Ordinance for the purpose of funding a grant to the Redeveloper for use in connection with the development and construction of the Project.

2. The Mayor of the City of Newark and/or his designee, the Deputy Mayor/Director of the Department of Economic and Housing Development, are each hereby authorized to enter into and execute, on the City's behalf, a Grant Agreement in the form attached hereto, with the Redeveloper providing that the City will provide a grant in an amount not to exceed Two Million Dollars (\$2,000,000.00) to the Redeveloper for the Project, subject to the terms and conditions of the Grant Agreement.

3. Upon the certification of any funding for the use of Motor Vehicle Rental Tax Revenues for the purposes enumerated in paragraphs 1 and 2 above, the Deputy Mayor/Director of the Department of Economic and Housing Development shall file such Certification of Funds with the Office of the City Clerk.

4. Upon full execution of the Grant Agreement referenced within paragraph 2 above, the Deputy Mayor/Director of the Department of Economic and Housing Development shall file the executed Grant Agreement with the Office of the City Clerk.

5. Attached hereto is a certification from the City's Director of Finance which states:

(a) There are sufficient funds in the amount of Two Million Dollars (\$2,000,000.00) for the purpose set forth herein and above; and

(b) That the line appropriation of the official budget which shall be charged is as follows:

| Business Unit | Dept. ID | Div./Proj. | Activity | Account | Budget Ref. |
|----------------------|-----------------|-------------------|-----------------|----------------|--------------------|
| NW026 | BS | | | 38740 | B2015 |

STATEMENT

This Resolution (i) 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 Grant Agreement with 36-54 Rector Street Urban Renewal, LLC in an amount not to exceed Two Million Dollars (\$2,000,000.00) funded by Motor Vehicle Rental Tax Revenues to provide a grant to financially assist in the construction and development of a mixed-use project consisting of one building along Rector Street - 21 stories, 168 residential units, over commercial space, and 117 parking spaces, and identified on the official tax map of the City as Block 17, Lot 26 (Central Ward).