



Legislation Details (With Text)

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Title: Dept/ Agency: Economic & Housing Development
Action: ( ) Ratifying (X) Authorizing ( ) Amending
Type of Service: Application for Long-Term Tax Abatement
Purpose: To grant a long term tax abatement to 101 14th AVENUE, LLC under the HMFA law for the construction of a 25,000 square-foot 24 unit facility designed to provide supportive housing for chronic homeless.
Entity Name: 101 14th AVENUE, LLC
Entity Address: 233 West Market Street, Newark, New Jersey 07103
Abatement Period: Thirty (30) years
Contract Basis: ( ) Bid ( ) State Vendor ( ) Prof. Ser. ( ) EUS
( ) Fair & Open ( ) No Reportable Contributions ( ) RFP ( ) RFQ
( ) Private Sale ( ) Grant ( ) Sub-recipient ( ) n/a
List of Property:
(Address/Block/Lot/Ward)
101 14th Avenue, and identified on the official tax map of the City as Block 274, Lots 2-5, 40 and 41 ("Lots recently merged into Lot 2")/Central.
Additional Information:
The requested PILOT formula is based on 6.28% of gross revenues.

Sponsors: Council of the Whole

Indexes:

Code sections:

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The requested PILOT formula is based on 6.28% of gross revenues.

**WHEREAS**, 101 14<sup>th</sup> AVENUE, LLC, 233 West Market Street, Newark, NJ 07103, filed an application with the Mayor seeking a long term tax abatement pursuant to New Jersey Housing and Mortgage Finance Agency Law, N.J.S.A. 55:14K-1 et seq. (“HMFA Law”) for a term of thirty (30) years for the construction of a 25,000 square-foot 24 unit facility designed to provide supportive housing for chronic homeless (the “Project”) on the property located at 101 14<sup>th</sup> Avenue, and identified on the official tax map of the City as Block 274, Lots 2-5, 40 and 41 (“Lots recently merged into Lot 2”) (the “Property”); and

**WHEREAS**, the Mayor has submitted the application and proposed Financial Agreement to the Municipal Council with his recommendation thereof, a copy of which is annexed hereto; and

**WHEREAS**, the Municipal Council has determined that the relative benefits of this Project outweigh any costs associated with this tax exemption and that without the tax abatement granted herein, the Project would not be undertaken.

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

1. The application of 101 14<sup>th</sup> AVENUE, LLC, for the rehabilitation of the Project described in the application is hereby approved in accordance with the recommendation of the Mayor.

2. The abatement from taxation on improvements is hereby granted to 101 14<sup>th</sup> AVENUE, LLC for a period of thirty (30) years from the date of substantial completion of the Project, pursuant to HMFA Law, and only so long as 101 14<sup>th</sup> AVENUE, LLC is subject to and complies with the proposed Financial Agreement and the HMFA Law, as amended and supplemented, and upon the further condition that 101 14<sup>th</sup> AVENUE, LLC does not file a petition of tax appeal for the Property on which the Project is to be located.

3. The Mayor of the City of Newark is hereby authorized to execute, on the City’s behalf, the Financial Agreement in the form attached hereto.

4. An executed copy of the Financial Agreement authorized by this resolution shall be filed and maintained with the City Clerk.

5. The Project, when completed, will conform with all State laws and ordinances of the City of Newark relating to its construction and use.

6. 101 14<sup>th</sup> AVENUE, LLC shall in the operation of the Project comply with all laws so that no person shall be subject to any discrimination because of race, religious principles, color, national origin, or ancestry.

7. 101 14<sup>th</sup> AVENUE, LLC shall file an employment report (herein described below) with the Office of Affirmative Action who shall forthwith after receiving the report send a copy thereof to the City Clerk and the Office of Affirmative Action shall forthwith investigate the matters contained therein and report its findings to the Municipal Council.

8. Subject to the requirements of paragraph 10 below, as of the Annual Service Charge Start Date (as defined in the Financial Agreement), 101 14<sup>th</sup> AVENUE, LLC shall pay an estimated quarterly service charge to the City until the correct amount due from 101 14<sup>th</sup> AVENUE, LLC is determined by the City’s Director of Finance based upon the auditor’s report that is required to be submitted under the Financial Agreement. The annual service charge shall be based on 6.28% of the Annual Gross Revenue generated from the Project for thirty (30) years as set forth more fully within the Financial Agreement. After the auditor’s report required under the Financial Agreement has been accepted by the City’s Director of Finance, the City and 101 14<sup>th</sup> AVENUE, LLC will adjust any over or under payment so made or needed to be made for the particular period covered by the auditor’s report.

9. 101 14<sup>th</sup> AVENUE, LLC shall pay the minimum annual service charge, as calculated pursuant to HMFA Law and the financial agreement, in each year in which the annual service charge, as provided in paragraph 8 above, would be less than the minimum annual service charge.

10. The following occurrences and requirements are express conditions of the granting of this tax abatement, to be performed by 101 14<sup>th</sup> AVENUE, LLC, and the failure to comply with these requirements will result in the cancellation of the tax abatement:

(a) 101 14<sup>th</sup> AVENUE, LLC shall pay full taxes on the land and improvements of the Project (designated as Block 274, Lots 2-5, 40 and 41) until the annual service charge becomes effective;

(b) 101 14<sup>th</sup> AVENUE, LLC shall not, without prior consent of the Municipal Council of the City of Newark, sell, lease, assign, encumber, subordinate, convey, mortgage or transfer all, or any part of the Project, so as to sever, disconnect or divide the improvements from the land embraced within the Project;

(c) 101 14<sup>th</sup> AVENUE, LLC shall be deemed to agree that if 101 14<sup>th</sup> AVENUE, LLC operates, controls or manages the Project that it will make its Best Efforts (as defined in the Financial Agreement) to achieve the goal of having 51% of all new jobs arising out of the businesses conducted on the Project site after the issuance of the certificate of occupancy and during the continuation of the tax exemption, dedicated to Newark residents, of which a goal of 51% of such all new employees shall be minority residents;

(d) 101 14<sup>th</sup> AVENUE, LLC shall concomitantly, with the submission of the annual report required of it, attach an employment report under oath, with particulars, stating the manner and the extent to which it has complied with 11(c) above. This employment report shall be filed with the Director of Finance, the Clerk of the City of Newark, and the Director of the Department of Economic and Housing Development;

(e) 101 14<sup>th</sup> AVENUE, LLC shall pay all outstanding taxes and all outstanding water and sewer charges within thirty (30) days of the adoption of this resolution;

(f) 101 14<sup>th</sup> AVENUE, LLC shall complete the Project within twenty-four (24) months of the date of adoption of this resolution; provided, however, that 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 the construction schedule deadlines set forth within the Financial Agreement and any other timelines and milestones, provided that such deadlines, timelines and milestones are not extended beyond the two (2) permitted six (6) 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;

(g) 101 14<sup>th</sup> AVENUE, LLC shall submit any and all lease agreements and/or subleases entered into with related or third parties for the use and occupancy of space made available by 101 14<sup>th</sup> AVENUE, LLC to the Law Department and the Department of Economic and Housing Development. The obligation to submit lease agreements shall be a continuing obligation during the period of the Financial Agreement. All lease agreements shall be subject to review by the City for the purpose of determining the validity thereof and to ensure that lease agreements are executed as part of an arms length transaction;

(h) 101 14<sup>th</sup> AVENUE, LLC shall receive a favorable review and certification from the appropriate municipal departments and agencies;

(i) 101 14<sup>th</sup> AVENUE, LLC shall secure all financing prior to the commencement of any construction.

11. That in any year that 101 14<sup>th</sup> AVENUE, LLC shall fail to make four (4) consecutive land tax payments when due and owing in the manner defined in N.J.S.A. 40A:20-12(b)(2)(e), such delinquency shall render 101 14<sup>th</sup> AVENUE, LLC ineligible for any land tax credits against the annual service charge.

12. 101 14<sup>th</sup> AVENUE, LLC understands and agrees that the revenue projections set forth in the application are estimates and that the actual payments in lieu of taxes to be paid by 101 14<sup>th</sup> AVENUE, LLC to the City shall be determined pursuant to the Financial Agreement to be executed between 101 14<sup>th</sup> AVENUE, LLC and the City of Newark.

13. The City Clerk's Office of the City of Newark shall forthwith submit a certified copy of the resolution approving the tax abatement and the proposed Financial Agreement to the Director of the Division of Local Government Services.

14. This resolution shall take effect upon final passage and publication in accordance with the laws of the State

of New Jersey.

**STATEMENT**

This Resolution grants a long term tax abatement to 101 14<sup>th</sup> AVENUE, LLC, 233 West Market Street, Newark, NJ 07103, under the HFMA Law for thirty (30) years for the construction of a 25,000 square-foot 24 unit facility designed to provide supportive housing for chronic homeless located at 101 14<sup>th</sup> Avenue, and identified on the official tax map of the City as Block 274, Lots 2-5, 40 and 41 (“Lots recently merged into Lot 2”).