



Legislation Details (With Text)

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Title: ORDINANCE AMENDING TITLE 2, ADMINISTRATION, CHAPTER 18, DEPARTMENT OF ECONOMIC AND HOUSING DEVELOPMENT OF THE REVISED GENERAL ORDINANCES OF THE CITY OF NEWARK, NEW JERSEY, 2000, AS AMENDED AND SUPPLEMENTED, TO ESTABLISH THE LIVE NEWARK LOAN FORGIVENESS PROGRAM FOR ADVANCING CLOSING COSTS OR PROVIDING FUNDING FOR ELIGIBLE FAÇADE IMPROVEMENTS OR RENOVATIONS.
Invitation: Economic and Housing Development Director, January 20, 2016
Sponsors: Council of the Whole

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2/17/2016	1	Municipal Council	Close on Public Hearing and Adopt	Pass
2/3/2016	1	Municipal Council	Adopt on First Reading	Pass
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ORDINANCE AMENDING TITLE 2, ADMINISTRATION, CHAPTER 18, DEPARTMENT OF ECONOMIC AND HOUSING DEVELOPMENT OF THE REVISED GENERAL ORDINANCES OF THE CITY OF NEWARK, NEW JERSEY, 2000, AS AMENDED AND SUPPLEMENTED, TO ESTABLISH THE LIVE NEWARK LOAN FORGIVENESS PROGRAM FOR ADVANCING CLOSING COSTS OR PROVIDING FUNDING FOR ELIGIBLE FAÇADE IMPROVEMENTS OR RENOVATIONS.

Invitation: Economic and Housing Development Director, January 20, 2016

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 of Newark (the “City”), by Resolution 7Rdo (A.S.) June 15, 2005, designated the entire City as an area in need of rehabilitation pursuant to the Act; and

WHEREAS, the City, in order to stimulate redevelopment, rehabilitation, and conservation and for the general improvement of the City, has adopted Redevelopment Plans for each of its five (5) Wards which, collectively, cover the entire City, as follows:

(i) Third Amendment to the North Ward Redevelopment Plan, adopted August 17, 2005, by Ordinance 6S+Fa(S);

(ii) First Amendment to the Central Ward Redevelopment Plan, adopted August 17, 2005 by Ordinance 6S+Fe(S);

(iii) First Amendment to the East Ward Redevelopment Plan, adopted September 21, 2005, by Ordinance 6S+Fe;

(iv) Third Amendment to the South Ward Redevelopment Plan, adopted August 17, 2005 by Ordinance 6S+Fd(S); and

(v) Second Amendment to the West Ward Redevelopment Plan, adopted August 17, 2005 by Ordinance 6S+Fc(S); and

WHEREAS, the City has broad powers under the Act to implement and assist in the implementation of redevelopment projects and in accordance with N.J.S.A. 40A:12A-8(f), a municipality may “provide for extension of credit, or making of loans, to redevelopers to finance any project or redevelopment work, or upon a finding that the project or redevelopment work would not be undertaken but for the provision of financial assistance, or would not be undertaken in its intended scope without the provision of financial assistance, provide as part of an arrangement or contract for capital grants to redevelopers;” and

WHEREAS, the existence of privately owned properties which are abandoned or are in material disrepair on the exterior and/or the interior could create public health, crime and quality of life concerns for both residents and adjoining businesses and has the potential to negatively impact the overall reinvigoration of the City; and

WHEREAS, the City finds that there are projects and such redevelopment work to be implemented upon residential properties within the City of Newark which would not be undertaken but for the provision of financial assistance; and

WHEREAS, the City wishes to provide incentives for homeownership as well as the improvement of residential facilities and to assist in the implementation of redevelopment initiatives which will not only reinvigorate, rehabilitate and improve the City’s neighborhoods but also improve the overall quality of life of the citizens of the City throughout; and

WHEREAS, in order to facilitate its redevelopment goals, the City, acting through the City’s Department of Economic and Housing Development (the “Department”), intends to create and implement three (3) distinct programs offering the following to eligible applicants in the form of interest-free, forgivable loans, subject to the availability of funding: (i) up to \$5,000.00 for Eligible Closing Costs for the purchase of a home (“Closing Costs Program”); or (ii) up to \$15,000.00 for Eligible Façade Improvements (“Façade Improvement Program”); or (iii) up to \$25,000.00 for Eligible Renovations (“Renovation Program”), all upon properties that are utilized as the primary residences of the applicants (“Primary Residence”), subject to the terms herein (collectively, the “Live Newark Loan Forgiveness Program”); and

WHEREAS, the City deems it necessary and convenient to establish the Live Newark Loan Forgiveness Program in order to advance its redevelopment objectives throughout the City; and

WHEREAS, the goal of the Closing Costs Program is to stabilize, upgrade and promote the advancement of the various neighborhoods within the City which, in turn, is intended to arrest and reverse any deteriorating conditions; and

WHEREAS, the goals of the Façade Improvement Program and the Renovation Program are to create a sense of pride of ownership and preserve or increase the value of residential properties within the City by providing funding for certain repairs and improvements to the exteriors and interiors

of the homes, respectively; and

WHEREAS, the City also seeks to further its sustainability goals under the Façade Improvement Program and the Renovation Program by encouraging the creation of energy-efficient homes; and

WHEREAS, the City shall make the above funds available to eligible individuals who apply for them, on a first-come, first-served basis after all required documentation has been submitted, subject to certain prioritization as set forth herein, and are approved by the Department of Economic and Housing Development in the form of a five (5) year loan or a ten (10) year loan, as applicable, secured by a Mortgage to be executed and recorded with the Essex County Registrar against the Subject Property pursuant to the terms of a Redevelopment Loan Agreement and Mortgage Note (collectively, the Redevelopment Loan Agreement, Mortgage and Mortgage Note shall comprise the "Loan Documents") to be entered into by and between the City and the Redevelopers or Borrowers of the loans; and

WHEREAS, the Loan Documents will allow for a portion of the loans to be forgiven each year that the Borrower makes the Subject Property his or her primary residence, up to 100% of the amount of the loan; and

WHEREAS, this Ordinance sets forth detailed minimum requirements establishing the administration of the Live Newark Loan Forgiveness Programs by the City acting through the Department of Economic and Housing Development.

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

The Revised General Ordinances of the City of Newark, New Jersey, 2000, shall be amended and supplemented to add the following Sub-chapter in Title 2, Administration, Chapter 18, Department of Economic Housing and Development:

Section 1. Establishment of the Live Newark Loan Forgiveness Program

1. Establishment: The Department of Economic and Housing Development is hereby authorized to establish and administer a Live Newark Loan Forgiveness Program which shall be comprised of the following three (3) distinct loan programs through which an eligible Applicant may obtain an interest-free, forgivable loan from the City: Closing Costs Program, a Façade Improvements Program and a Renovations Program, pursuant to the minimum requirements set forth herein. Modification of these minimum requirements may only be made by the Municipal Council.

2. Income Tax: No amount of any loan forgiven under the Live Newark Loan Forgiveness Program shall constitute income for purposes of income taxes, but rather, shall be in the nature of a gift.

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3. Funding Source: The Live Newark Loan Forgiveness Program is subject to availability of funds from revenue other than the amount raised through *ad valorem* taxes.

4. Definitions: Unless specified otherwise herein, the following terms shall have the designated meanings throughout this Ordinance:

a) Applicant: generally shall mean an Individual who submits a written application for a loan pursuant to the Live Newark Loan Forgiveness Program.

b) Borrower(s): shall mean an eligible Individual to whom a loan is approved and extended by the City under the Live Newark Forgiveness Program pursuant to the terms of the Loan Documents. In no event may a Borrower comprise a commercial entity of any kind. The terms “Borrower(s)” and “Redeveloper(s)” shall be used interchangeably herein.

c) Department: shall mean the City of Newark’s Department of Economic and Housing Development.

d) Director: shall mean the Deputy Mayor/Director of the Department of Economic and Housing Development or any designee(s) of the Director.

e) Individual: shall refer to one (1) person or more than one (1) person if the persons are applying for a loan under the Live Newark Loan Forgiveness Program together, except as otherwise expressly stated herein.

f) Loan Administrator(s): shall mean the Deputy Mayor/Director of Economic and Housing Development or the designee(s) of the Director who shall, *inter alia*, generally administer the Live Newark Loan Forgiveness Program and shall be the primary City contact for Applicants and Borrowers.

g) Municipal Council: shall mean the Municipal Council of the City of Newark.

h) Property or Subject Property: shall mean a residential property consisting of a 1-3 family home within the boundaries of the City of Newark, including individual townhomes or condominium units, which shall be utilized only as a Primary Residence. In no event may a Subject Property include any commercial use at any time.

i) Redevelopment Loan Agreement: shall mean the written agreement to be executed by and between the City and the Borrower(s) which shall include terms and conditions for the provision of the loan, including provisions for the Borrower’s release and indemnification of the City with regard to any claims arising out of the Live Newark Loan Forgiveness Program or any Closing or Project, as may be applicable, the forgiveness of the loan and the repayment of the loan, and any requirements or design standards for any projects to be implemented, as may be applicable, under the Live Newark Loan Forgiveness Program. Each loan granted pursuant to the Live Newark Loan Forgiveness Program shall be contingent upon the City’s receipt of fully executed Loan Documents.

j) Term: shall mean the term of the loan, commencing on the date that the Redevelopment Loan Agreement is duly executed by both parties (“Effective Date”), subject to any extension of any timeframe as set forth herein, through the full satisfaction of the loan.

5. Applications: A complete written application for each loan sought to be granted shall be submitted to the City’s Division of Housing and Real Estate by the Applicant. Applications shall be processed on a first-come, first-served basis after all required documentation has been submitted,

subject to the availability of funding, the Sunset period and the prioritization, as set forth herein. Upon review of any application, the Loan Administrator(s) may request an Applicant to submit any additional information as may be appropriate and necessary for an eligibility determination to be made.

6. No Discrimination: Applications for the Live Newark Loan Forgiveness Program shall be processed without regard to age, color, creed, marital status, national origin, sexual orientation, gender identity, political party affiliation, race or sex of the applicant(s).

7. Prioritization of Applications for Façade Improvement and Renovations Programs: Applications may be prioritized based upon the necessity for and/or overall potential impact of the proposed projects upon health, quality of life, the environment, and the beautification of the neighborhood, all to be determined at the reasonable discretion of the Deputy Mayor/Director of Economic and Housing Development.

8. Eligibility Limitation: Only one (1) application for each loan under the Live Newark Loan Forgiveness Program may be accepted for each Property, even if there are multiple owners of such Property. Additionally, Borrower(s) may be granted more than one (1) type of loan under the Live Newark Loan Forgiveness Program and such loans may be combined by the Borrower(s), but only as follows; provided however, that Closing Costs Loans may only be utilized for Eligible Closing Costs and Renovation Loans may only be utilized for Eligible Renovations:

Closing Cost Loan (up to \$5,000) + Renovation Loan (up to \$25,000).

9. Combination Loans: In the event that a Borrower is granted both a Closing Cost Loan and a Renovation Loan, Borrower(s) shall execute a set of Loan Documents for each loan which shall be coterminous.

10. Persons Liable: The requirements of the Loan Documents shall be legally binding upon each Borrower jointly and severally except that with respect to any forgiveness of the loan, only one (1) of the Borrowers shall be required to utilize the Subject Property as his or her Primary Residence. In the event of the death of the Borrower(s) prior to the full satisfaction of the loan, the requirements to repay any unsatisfied portion of the loan shall be legally binding upon all who succeed to the responsibilities of the Borrower(s).

11. Sunset: The Live Newark Loan Forgiveness Program shall automatically terminate in five (5) years from the date of the passage of this Ordinance. The Municipal Council shall not be required to undertake any affirmative action or task at that time in order to terminate the Live Newark Loan Forgiveness Program. All Loan Documents executed prior to the sunset date shall be of full force and effect in accordance with their terms.

12. Terms Applicable to All Loans: Refer to **Section 5** for other terms and conditions which are applicable to all loans granted under the Live Newark Loan Forgiveness Program, in addition to any terms and conditions which shall be set forth in the Loan Documents.

13. Program Development and Administration: The Deputy Mayor/Director of Economic and Housing Development is hereby authorized to develop additional procedures, application materials, documents and program guidelines consistent with this Ordinance as may be necessary to implement and administer the Live Newark Loan Forgiveness Program as set forth herein.

14. Authorization to Enter into Agreements and Execute Documents: The Deputy Mayor/Director of Economic and Housing Development is hereby further authorized to enter into such agreements and execute such documents, including but not limited to the Loan Documents, as may be necessary and appropriate to accomplish the purpose of this Ordinance.

15. Annual Report to Municipal Council: The Deputy Mayor/Director of Economic and Housing Development shall provide the Municipal Council with an annual report identifying: a) the number of Redevelopment Loan Agreements entered into during the preceding year; b) the names and addresses of the Borrower(s) of the loans extended during the preceding year together with the amounts of the respective loans; and c) any additional information as may be requested by the Municipal Council.

16. No Conflict: No employee of the City shall be permitted to evaluate or approve an application, or any element thereof, for a loan under the Live Newark Loan Forgiveness Program which was submitted by himself or herself or his or her immediate family member or which pertains to a Property upon which he or she or his or her immediate family member, respectively, resides.

17. Compliance with All Applicable Laws: The Live Newark Loan Forgiveness Program shall be administered in accordance and full compliance with all applicable federal, state and local laws, rules and regulations, including but not limited to, the Local Government Ethics Law, N.J.S.A. 40A:9-22.1, et seq.

Section 2. Closing Costs Program

1. Establishment: The Department of Economic and Housing Development is hereby authorized to establish and administer a Closing Costs Program in order to advance (but not to reimburse) up to \$5,000.00 ("Closing Costs Loan") for Eligible Closing Costs to Eligible Closing Cost Applicants, as those terms are defined in this Section, as part of the Live Newark Loan Forgiveness Program, pursuant to the minimum requirements set forth herein. The Borrower(s) shall be responsible for any closing costs exceeding \$5,000.00. Modification of these minimum requirements may only be made by the Municipal Council.

2. Application: All applications for the Closing Costs Program shall, at a minimum, include: a copy of the Applicant's most recent tax returns; pay stubs; employment information; Good Faith Estimate (GFE-HUD); and any other information required in the application forms.

3. Eligible Closing Cost Applicants: Individuals who shall have reasonably been determined to have the necessary resources to maintain ownership of the Subject Property shall be eligible for a Closing Costs Loan, subject to the terms and conditions set forth in this Ordinance.

4. Eligible Closing Costs: Eligible Closing Costs may consist of any one or a combination of the following items, as applicable, if said costs are to be payable at or immediately upon the transfer of the Subject Property from the seller to the Applicant (as the buyer of the Subject Property) ("Closing"), subject to review by the Deputy Mayor/Director of Economic and Housing Development, at the Director's discretion, up to \$5,000:

- a) Applicant's Legal Fees;
- b) Appraisal Fees;

- c) Credit Report Fees;
 - d) Title Search Fees;
 - e) Survey Fees;
 - f) Flood Determination Fees;
 - g) Courier Fees;
 - h) Title Insurance;
 - i) Transfer Taxes;
 - j) Recording Fees;
 - k) Loan Processing Fees; and
- l) Home Inspection Fees, including Asbestos Inspection Fees, Lead Paint Inspection Fees and Wood Destroying Pest Inspection Fees.

5. Determination of Eligibility of Applicant by the Loan Administrator(s): The Loan Administrator (s) shall review the written application to determine the eligibility of the Applicant for a loan under the Closing Costs Program. The Loan Administrator(s) shall advise the Applicant in writing as to whether the application for a loan under the Closing Costs Program is being granted (“Closing Costs Determination Letter”).

6. Disbursement of the Closing Costs Loan: Upon receipt of a Closing Costs Determination Letter indicating that an application for a loan under the Closing Costs Program has been approved, or thereafter upon request of the City, the Applicant shall promptly provide the Loan Administrator(s) with written instructions for the amount of \$5,000.00 to be deposited into the Applicant’s Attorney’s Trust Account. The Applicant shall be required to keep the Loan Administrator(s) apprised of the date for the Closing and further, shall promptly advise the Loan Administrator(s) once the Closing has been completed. If it is determined at the Closing or thereafter that Eligible Closing Costs total or totaled less than \$5,000.00, any excess funds shall be promptly returned to the City. The failure to promptly return any such excess funds shall be deemed an Event of Default hereunder. Following the Closing, the City shall take all necessary steps to establish and record with the Essex County Registrar a mortgage to be secured by a lien against the Subject Property in the amount of the loan extended to the Applicant under the Closing Costs Program.

7. Forgiveness or Repayment of the Closing Costs Loan: Closing Costs Loans shall be made in the form of five (5) year interest-free, forgivable loans, up to the amount of \$5,000.00. For each full, consecutive year following the Closing that the Borrower makes the Subject Property his or her Primary Residence, 20% of the amount of the total Closing Costs Loan shall be forgiven, up to 100%, until the Closing Costs Loan is fully satisfied. In the event that the Borrower(s) sells or transfers the Subject Property, or the Subject Property is no longer the Borrower’s Primary Residence at any time prior to the satisfaction of the Closing Costs Loan, the Borrower(s) shall notify the Loan Administrator (s) accordingly. The Borrower(s) shall then be required to repay the pro-rated amount to the City in an accelerated manner upon the Borrower’s sale of the Subject Property from the sale proceeds or by prompt payment directly to the City, respectively. Upon full satisfaction of the Closing Costs Loan, the City shall discharge the mortgage upon the Subject Property in accordance with the terms of the Loan Documents.

By way of example, if the Borrower(s) is disbursed \$5,000.00 but only makes the Subject Property his or her Primary Residence for two (2) years following the Closing (i.e. equivalent to \$1,000.00 per year for a total of \$2,000.00), the Borrower would be required to repay the City the pro-rated sum of \$3,000.00.

By way of further example, if the Borrower(s) is disbursed \$4,250.00, the amount of \$850.00 would be forgiven for each full, consecutive year following the Closing that the Borrower(s) makes the Subject Property his or her Primary Residence; if the Borrower(s) only makes the Subject Property his or her Primary Residence for two years and six months following the Closing, a total of \$1,700.00 would be forgiven (i.e. 20% for each full, consecutive year of Primary Residency, with no forgiveness being calculated for the six months or ½ year period), Borrower(s) would be required to repay the City the pro-rated sum of \$2,250.00.

Section 3. Façade Improvement Program

1. Establishment: The Department of Economic and Housing Development is hereby authorized to establish and administer a Façade Improvement Program in order to provide funds up to \$15,000.00 (“Façade Improvement Loan”) for Eligible Façade Improvements to Eligible Façade Improvement Applicants, as those terms are defined in this Section, as part of the Live Newark Loan Forgiveness Program, pursuant to the minimum requirements set forth herein. The Borrower(s) shall not be provided with funds or reimbursed for any costs associated with any façade improvement work exceeding \$15,000.00. Modification of these minimum requirements may only be made by the Municipal Council.

2. Application: All applications for the Façade Improvement Program shall, at a minimum, include: a copy of the Applicant’s most recent tax returns; pay stubs; employment information; outstanding mortgages, judgments or any other liens upon the Subject Property; and any other information required in the application forms.

3. Eligible Façade Improvement Applicants: Individuals who meet the following criteria shall be eligible for a Façade Improvement Loan, subject to the terms and conditions set forth in this Ordinance:

- a) Current owner(s) and occupants of the Subject Property who shall have reasonably been determined to have the necessary resources to maintain ownership of the Subject Property;
- b) Resided upon the Subject Property for at least the three (3) consecutive years immediately preceding the submission of the application by the Applicant;
- c) Property taxes upon the Subject Property are and remain fully paid and current;
- d) City sewer invoices for the Subject Property are and remain fully paid and current;
- e) City water invoices for the Subject Property are and remain fully paid and current; and
- f) Homeowner’s insurance premiums for the Subject Property are and remain fully paid and current.

4. Pre-Determination of Eligibility of Applicant by the Loan Administrator(s): The Loan Administrator(s) shall review the written applications to determine the eligibility of the Applicant(s) for a loan under the Façade Improvement Program and shall so advise the Applicant(s) in writing. The determination of eligibility by the Loan Administrator is final, subject to review by the Deputy Mayor/Director of Economic and Housing Development. The Applicant shall then submit a Façade Improvement Proposal which shall be subject to review and approval, as set forth herein.

5. Eligible Façade Improvements: Eligible Façade Improvements shall consist of repairs or improvements to the exterior of the Subject Property which are intended to beautify the community and may also satisfy existing City code violations or address any threats posed by the existing condition to the health, safety and welfare of the occupants of the Subject Property and/or community

surrounding the Subject Property, including, but not limited to, the following, all of which shall be subject to the prioritization referenced herein:

- a) Exterior repairs to roofs, porches, windows, and doors;
- b) Painting or Siding;
- c) Replacement of doors, windows or roofs;
- d) Installation of a privacy fence (excluding chain link fences);
- e) Landscaping; and
- f) Driveway repairs.

6. Façade Improvement Proposal: Applicant(s) who have been pre-determined to be eligible for a loan under the Façade Improvement Program shall submit a written proposal setting forth a detailed description of the proposed project, together with: a written itemized estimate for the proposed project which shall have been prepared by a professional, licensed contractor; color photos depicting the existing condition of the area of the Subject Property upon which the proposed project is to be implemented; and a proposed project schedule setting forth, at a minimum, a commencement date and a completion date for the work ("Façade Improvement Proposal"). Applicant(s) shall be encouraged to submit proposals which incorporate energy efficiency components or upgrades pursuant to the Home Performance with Energy Star Program under the New Jersey Clean Energy Program. The Façade Improvement Proposal shall be subject to review, approval and comment by the Director.

7. Approval of the Proposed Façade Improvement Project: The Deputy Mayor/Director of Economic and Housing Development shall review all proposals submitted under the Façade Improvement Program to determine eligibility for the Façade Improvement Program. The Deputy Mayor/Director of Economic and Housing Development has the right to reject, in whole or in part, any Façade Improvement Proposal in the Director's reasonable discretion or to negotiate modifications of same for a project of lesser or greater magnitude than described in the Façade Improvement Proposal. The Deputy Mayor/Director of Economic and Housing Development shall issue a written determination setting forth the eligibility of the applicable proposal, together with any terms and conditions of its approval ("Proposal Review Letter"). The determination of eligibility by the Deputy Mayor/Director of Economic and Housing Development is final. Any approval of any Façade Improvement Proposal issued by the Deputy Mayor/Director of Economic and Housing Development shall be conditional, subject to the receipt of required permits and approvals. Additionally, no payment or reimbursement shall be made for any work that is conducted by an Applicant(s) prior to the approval of the Façade Improvement Proposal.

8. Façade Determination Letter: Upon a determination regarding the eligibility of the Applicant and the issuance of a Proposal Review Letter, the Loan Administrator(s) shall advise the Applicant in writing accordingly ("Façade Determination Letter"). If a loan is being granted under the Façade Improvement Program, the Façade Determination Letter shall also indicate the amount of the loan which is expected to be extended, which such amount may be increased (but only up to \$15,000) or decreased based upon any additional review of the Façade Improvement Proposal or the Subject Property by the Deputy Mayor/Director of Economic and Housing Development, subject to the availability of funding ("Façade Improvement Loan Amount"). Prior to or upon any disbursement of the Façade Improvement Loan, the City shall take all necessary steps to establish and record with the Essex County Registrar a mortgage to be secured by a lien against the Subject Property in the amount of the Façade Improvement Loan, pursuant to the Loan Documents.

9. Façade Improvement Project: The Borrower(s) shall implement the Façade Improvement Proposal as same has been approved by the Deputy Mayor/Director of Economic and Housing Development in the Proposal Review Letter (the “Façade Improvement Project”). The Façade Improvement Project shall not materially deviate from the approval issued by the Deputy Mayor/Director of Economic and Housing Development unless the Borrower(s) has sought and received the written consent of the Deputy Mayor/Director of Economic and Housing Development.

10. Access: The Deputy Mayor/Director of Economic and Housing Development may elect to conduct a physical inspection of the Subject Property in the determination of whether a Façade Improvement Proposal is eligible for the Façade Improvement Program. In such event, the Applicant shall grant the Deputy Mayor/Director of Economic and Housing Development with access to inspect the entire area of the Subject Property upon which the Façade Improvement Project is to be implemented, without the necessity for any further documentation. The Deputy Mayor/Director of Economic and Housing Development shall also be granted access to inspect the Façade Improvement Project during its implementation and upon completion, prior to any disbursement of the Façade Improvement Loan by the Loan Administrator(s). In the event that the Deputy Mayor/Director of Economic and Housing Development is denied reasonable access to conduct the inspections herein, the application submitted by the Applicant shall be rejected and no disbursement under the Façade Improvement Program shall be made.

11. Implementation of the Façade Improvement Project: All work in connection with the Façade Improvement Project shall be undertaken in accordance with, and shall not materially deviate without the Director’s written approval, from the Façade Improvement Proposal which was approved by the Deputy Mayor/Director of Economic and Housing Development in a Proposal Review Letter. Additionally, all such work shall be conducted by a licensed, professional contractor and the Façade Improvement Project shall be implemented in full compliance with all applicable laws, rules, regulations, City Ordinances and the applicable Redevelopment Plan, as amended. The Borrower(s) shall be responsible for obtaining any permits which are required for the Façade Improvement Project. In no way shall approval by the Deputy Mayor/Director of Economic and Housing Development of a Façade Improvement Proposal substitute for appropriate approval by any City Agencies for any permits that may be required. The Façade Improvement Project shall be fully implemented within twelve (12) months following the Borrower’s receipt of the first Façade Improvement Loan Disbursement, subject to two (2) extensions of up to three (3) months each to be granted in writing, at the discretion of the Deputy Mayor/Director of Economic and Housing Development.

12. Disbursement of the Façade Improvement Loan: In order to obtain a disbursement of the Façade Improvement Loan in any amount, which shall be subject to the availability of funding, the Borrower(s) shall submit a written request for payment to the Loan Administrator(s) together with any supporting documentation as the Loan Administrator(s) may require, including but not limited to, contracts or agreements, estimates, insurance, invoices, receipts and photos (“Façade Improvement Loan Requisition”). The Loan Administrator(s) shall be authorized to advance up to \$5,000.00 to the Borrower(s) in order to commence the Façade Improvement Project. Thereafter, all disbursements of the Façade Improvement Loan pursuant to the terms of the Loan Documents (“Façade Improvement Loan Disbursement”) shall be subject to approval of any work for which any disbursement is sought by the Deputy Mayor/Director of Economic and Housing Development.

13. Inspection of the Façade Improvement Project: Except as otherwise provided herein, as a condition precedent to the disbursement of the Façade Improvement Loan, the Façade Improvement

Project and any work undertaken in connection with same, shall be inspected and approved by the Deputy Mayor/Director of Economic and Housing Development. The Deputy Mayor/Director of Economic and Housing Development has the right to reject, in whole or in part, any Façade Improvement Project or any portion of same or to negotiate modifications as may be necessary. The Deputy Mayor/Director of Economic and Housing Development shall issue a letter setting forth the approval (or disapproval) of the Façade Improvement Project (or the Renovation Project, as further set forth herein), in whole or in part, as may be applicable, together with any terms and conditions of its approval ("Disbursement Approval Letter").

14. Forgiveness or Repayment of the Façade Improvement Loan: Façade Improvement Loans shall be made in the form of five (5) year interest-free, forgivable loans, up to the amount of \$15,000.00. For each full, consecutive year following the final Façade Improvement Loan Disbursement that the Borrower(s) makes the Subject Property his or her Primary Residence, 20% of the total Façade Improvement Loan Amount shall be forgiven, up to 100%, until the Façade Improvement Loan is fully satisfied. In the event that the Borrower(s) sells or transfers the Subject Property, or the Subject Property is no longer the Borrower's Primary Residence at any time prior to the full satisfaction of the Façade Improvement Loan, the Borrower(s) shall notify the Loan Administrator(s) accordingly in writing. The Borrower(s) shall then be required to repay the pro-rated amount to the City in an accelerated manner upon the Borrower's sale of the Subject Property from the sale proceeds or by prompt payment directly to the City, respectively. Upon full satisfaction of the Façade Improvement Loan, the City shall discharge the mortgage upon the Subject Property in accordance with the terms of the Loan Documents.

By way of example, if the Borrower(s) is disbursed a total of \$15,000.00 but only makes the Subject Property his or her Primary Residence for three (3) years following the final Façade Improvement Loan Disbursement (i.e. equivalent to \$3,000.00 per year for a total of \$9,000.00), the Borrower(s) would be required to repay the City the sum of \$6,000.00.

By way of further example, if the Borrower(s) is disbursed \$12,500, the amount of \$2,500.00 would be forgiven for each full, consecutive year following the final Façade Improvement Loan Disbursement that the Borrower(s) makes the Subject Property his or her Primary Residence; if the Borrower(s) only makes the Subject Property his or her Primary Residence for three years and eight months following the final Façade Improvement Loan Disbursement, a total of \$7,500.00 would be forgiven (i.e. 20% for each full, consecutive year of Primary Residency, with no forgiveness being calculated for the eight month period), Borrower(s) would be required to repay the City the pro-rated sum of \$5,000.00.

Section 4. Renovations Program

1. Establishment: The Department of Economic and Housing Development is hereby authorized to establish and administer a Renovations Program in order to provide funds up to \$25,000.00 ("Renovation Loan") for Eligible Renovations to Eligible Renovation Applicants, as those terms are defined in this Section, as part of the Live Newark Loan Forgiveness Program, pursuant to the minimum requirements set forth herein. The Borrower(s) shall not be reimbursed for any costs associated with any renovations exceeding \$25,000.00. Modification of these minimum requirements may only be made by the Municipal Council.

2. Application: All applications for the Renovations Program shall, at a minimum, include: a copy of the Applicant's most recent tax returns; pay stubs; employment information; outstanding mortgages, judgments or any other liens upon the Subject Property; and any other information required in the application forms.

3. Eligible Renovation Applicants: Individuals who meet the following criteria shall be eligible for a Renovation Loan, subject to the terms and conditions set forth in this Ordinance:

- a) Applicant(s) shall have reasonably been determined to have the necessary resources to maintain ownership of the Subject Property;
- b) Property taxes upon the Subject Property are fully paid and current;
- c) City sewer invoices for the Subject Property are fully paid and current;
- d) City water invoices for the Subject Property are fully paid and current; and
- e) Homeowner's insurance premiums for the Subject Property are fully paid and current.

4. Pre-Determination of Eligibility of Applicant by the Loan Administrator(s): The Loan Administrator(s) shall review the written applications to determine the eligibility of the Applicant(s) for a loan under the Renovations Program and shall so advise the Applicant in writing. The determination of eligibility by the Loan Administrator(s) is final, subject to review by the Deputy Mayor/Director of Economic and Housing Development. The Applicant(s) shall then submit a Renovation Proposal which shall be subject to review and approval, as set forth herein.

5. Eligible Renovations: Eligible Renovations shall consist of repairs, improvements or rehabilitation to the interior or exterior of the Subject Property which are intended to beautify the community and may also satisfy existing City code violations or address any threats posed by the existing condition to the health, safety and welfare of the occupants of the Subject Property and/or community surrounding the Subject Property, including, but not limited to, the following, all of which shall be subject to the prioritization referenced herein:

- a) Electrical work (to be code compliant);
- b) Plumbing (to be code compliant);
- c) Roofing;
- d) Heating, Ventilation and Air Conditioning (HVAC) work;
- e) Smoke alarms;
- f) Kitchen and bathroom renovations;
- g) Replacement of flooring; and
- h) Replacement of siding.

6. Renovation Proposal: Applicant(s) who have been pre-determined to be eligible for a loan under the Renovations Program shall submit a written proposal setting forth a detailed description of the proposed project, together with: a written itemized estimate for the proposed project which shall have been prepared by a professional, licensed contractor; color photos depicting the existing condition of the area of the Subject Property upon which the proposed project is to be implemented; and a proposed project schedule setting forth, at a minimum, a commencement date and a completion date for the work ("Renovation Proposal"). Applicant(s) shall be encouraged to submit proposals which incorporate energy efficiency components or upgrades pursuant to the Home Performance with Energy Star Program under the New Jersey Clean Energy Program. The Façade Improvement Proposal shall be subject to review, approval and comment by the Deputy Mayor/Director of Economic and Housing Development.

7. Approval of the Proposed Renovation Project: The Deputy Mayor/Director of Economic and Housing Development shall review all Renovation Proposals to determine eligibility for the Renovation Program. The Deputy Mayor/Director of Economic and Housing Development has the right to reject, in whole or in part, any Renovation Proposal in the Director's reasonable discretion or to negotiate modifications of same for a project of lesser or greater magnitude than described in the Renovation Proposal. The determination of eligibility as set forth by the Deputy Mayor/Director of Economic and Housing Development in a Proposal Review Letter is final, subject to approval by the Director. Any approval of any Renovation Proposal issued by the Deputy Mayor/Director of Economic and Housing Development shall be conditional, subject to the receipt of required permits and approvals. Additionally, no payment or reimbursement shall be made for any work that is conducted by an Applicant prior to the Director's approval of the Renovation Proposal.

8. Renovations Determination Letter: Upon a determination regarding the eligibility of the Applicant and the issuance of a Proposal Review Letter, the Loan Administrator(s) shall advise the Applicant in writing accordingly ("Renovation Determination Letter"). If a loan is being granted under the Renovations Program, the Renovation Determination Letter shall also indicate the amount of the loan which is expected to be extended, which such amount may be increased (but only up to \$25,000) or decreased based upon any additional review of the Renovation Proposal or the Subject Property by the Deputy Mayor/Director of Economic and Housing Development, subject to the availability of funding ("Renovation Loan Amount"). Prior to or upon any disbursement of the Renovation Loan, the City shall take all necessary steps to establish and record with the Essex County Registrar a mortgage to be secured by a lien against the Subject Property in the Renovation Loan Amount, pursuant to the Loan Documents.

9. Renovation Project: The Borrower(s) shall implement the Renovation Proposal as same has been approved by the Deputy Mayor/Director of Economic and Housing Development in the Proposal Review Letter (the "Renovation Project"). The Renovation Project shall not materially deviate from the approval issued by the Deputy Mayor/Director of Economic and Housing Development unless the Borrower(s) has sought and received the written consent of the Deputy Mayor/Director of Economic and Housing Development.

10. Access: The Deputy Mayor/Director of Economic and Housing Development may elect to conduct a physical inspection of the Subject Property in its determination process of whether a Renovation Proposal is eligible for the Renovation Program. In such event, the Applicant shall grant the Deputy Mayor/Director of Economic and Housing Development with access to inspect the entire area of the Subject Property upon which the Renovation Project is to be implemented, without the necessity for any further documentation. The Deputy Mayor/Director of Economic and Housing Development shall also be granted access to inspect the Renovation Project during its implementation and upon completion, prior to any disbursement of the Renovation Loan by the Loan Administrator(s). In the event that the Deputy Mayor/Director of Economic and Housing Development is denied reasonable access to conduct the inspections herein, the application submitted by the Applicant(s) shall be rejected and no disbursement under the Renovation Program shall be made.

11. Implementation of the Renovation Project: All work in connection with the Renovation Project shall be undertaken in accordance with, and shall not materially deviate without the Director's written approval, from the Renovation Proposal which was pre-approved by the Deputy Mayor/Director of Economic and Housing Development in a Proposal Review Letter. Additionally, all such work shall be conducted by a licensed, professional contractor and the Renovation Project shall

be implemented in compliance with all applicable laws, rules, regulations, City Ordinances and the applicable Redevelopment Plan, as amended. The Borrower(s) shall be responsible for obtaining any permits which are required for the Renovation Project. In no way shall approval by the Deputy Mayor/Director of Economic and Housing Development of a Renovation Proposal substitute for appropriate approval by any City Agencies for any permits that may be required. The Renovation Project shall be fully implemented within twelve (12) months following the Borrower's receipt of the first Renovation Loan Disbursement, subject to two (2) extensions of up to three (3) months each to be granted in writing, at the discretion of the Deputy Mayor/Director of Economic and Housing Development.

12. Disbursement of the Renovation Loan: In order to obtain a disbursement of the Renovation Loan in any amount, which shall be subject to the availability of funding, the Borrower(s) shall submit a written request for payment to the Loan Administrator(s) together with any supporting documentation as the Loan Administrator(s) may require, including but not limited to, contracts or agreements, estimates, insurance, invoices, receipts and photos ("Renovation Loan Requisition"). The Loan Administrator(s) shall be authorized to advance up to \$5,000.00 to the Borrower(s) in order to commence the Renovation Project. Thereafter, all disbursements of the Renovation Loan pursuant to the terms of the Loan Documents ("Renovation Loan Disbursement") may be subject to approval of any work for which any disbursement is sought by the Deputy Mayor/Director of Economic and Housing Development.

13. Inspection of the Renovation Project: Except as otherwise provided herein, as a condition precedent to the disbursement of the Renovation Loan, the Renovation Project and any work undertaken in connection with same, shall be inspected and approved by the Deputy Mayor/Director of Economic and Housing Development. The Deputy Mayor/Director of Economic and Housing Development has the right to reject, in whole or in part, any Renovation Project or any portion of same or to negotiate modifications as may be necessary. The Deputy Mayor/Director of Economic and Housing Development shall issue a Disbursement Approval Letter, as applicable.

14. Forgiveness or Repayment of the Renovation Loan: Renovation Loans shall be made in the form of ten (10) year interest-free, forgivable loans, up to the amount of \$25,000.00. For each full, consecutive year following the final Renovation Loan Disbursement that the Borrower(s) makes the Subject Property his or her Primary Residence, 10% of the total Renovation Loan Amount shall be forgiven, up to 100%, until the Renovation Loan is fully satisfied. In the event that the Borrower(s) sells or transfers the Subject Property, or the Subject Property is no longer the Borrower's Primary Residence at any time prior to the full satisfaction of the Renovation Loan, the Borrower(s) shall notify the Loan Administrator(s) accordingly in writing. The Borrower(s) shall then be required to repay the pro-rated amount to the City in an accelerated manner upon the Borrower's sale of the Subject Property from the sale proceeds or by prompt payment directly to the City, respectively. Upon full satisfaction of the Renovation Loan, the City shall discharge the mortgage upon the Subject Property in accordance with the terms of the Loan Documents.

By way of example, if the Borrower(s) is disbursed a total of \$25,000.00 but only makes the Subject Property his or her Primary Residence for six (6) years following the final Renovation Loan Disbursement (i.e. equivalent to \$2,500.00 per year for a total of \$15,000.00), the Borrower(s) would be required to repay the City the sum of \$10,000.00.

By way of further example, if the Borrower(s) is disbursed \$19,500, the amount of \$1,950.00 would be forgiven for each full, consecutive year following the final Renovation Loan Disbursement

that the Borrower(s) makes the Subject Property his or her Primary Residence; if the Borrower(s) only makes the Subject Property his or her Primary Residence for four years and eleven months following the final Renovation Loan Disbursement, a total of \$7,800.00 would be forgiven (i.e. 10% for each full, consecutive year of Primary Residency, with no forgiveness being calculated for the eleven month period), the Borrower(s) would be required to repay the City the pro-rated sum of \$11,700.00.

**Section 5. Terms Applicable to Loans Granted
Under the Live Newark Loan Forgiveness Program**

1. Loan Documents Filed with City Clerk: A fully executed copy of the Loan Documents as well as a copy of each recorded mortgage and each discharged mortgage shall be filed with the City Clerk's office.

2. Recording of Mortgage upon Subject Property: Except as otherwise provided herein, prior to or upon the disbursement of any loan or any portion thereof under the Live Newark Loan Forgiveness Program, the City shall take all necessary steps to establish and record with the Essex County Registrar a mortgage to be secured by a lien against the Subject Property in the amount of the loan, at its cost. Once the loan is fully satisfied, either by forgiveness or repayment pursuant to the minimum requirements set forth in this Ordinance, the City shall promptly take all necessary steps to discharge the mortgage.

3. Rights of Prior Lenders: The City acknowledges that the Borrower(s) may have a previously existing mortgage or loan from a lending institution or other such lender ("Prior Lender") secured by a lien against the Subject Property. Any such Prior Lender shall have no obligation to commence or complete any project or to meet any other requirements of this Ordinance or of the Loan Documents. Additionally, for the protection of any Prior Lender, any subsequent mortgage or loan from the City secured by a lien against the Subject Property shall be subject to and limited by, and shall not defeat or render invalid in any way, any validly pre-existing mortgage or loan which is secured by a Prior Lender against the Subject Property, including the re-financing of any such pre-existing mortgage or loan.

4. Default: In addition to any default under the Loan Documents or elsewhere hereunder, Events of Default shall include the following:

a) Information contained in the application submitted by the Applicant is knowingly or willfully false, incorrect or misleading;

b) Borrower(s) continuously fails to pay City taxes on the Subject Property prior to full the satisfaction of the loan;

c) Borrower(s) sells or transfers the Subject Property, or the Subject Property is no longer the Borrower's Primary Residence, at any time prior to the full satisfaction of the loan;

d) Borrower(s) fails to promptly repay the loan pursuant to the Loan Documents, as may be applicable;

e) Borrower(s) files a petition in bankruptcy for an arrangement pursuant to applicable bankruptcy laws;

f) Borrower(s) permits an entry of a judgment in foreclosure or the issuance of a Deed in Lieu of Foreclosure against the Subject Property;

g) Subject Property incorporates a commercial use at any time prior to the full satisfaction of the loan;

h) Borrower(s) fails to obtain and/or maintain the required insurance, as may be applicable; or

i) Borrower(s) fails to utilize the Property in full compliance with all applicable laws, rules, regulations, City Ordinances and/or the applicable Redevelopment Plan, as may be amended.

In addition to the above as well any defaults set forth under the Loan Documents, the following shall also be deemed Events of Default with specific regard to the Façade Improvement Program and the Renovations Program:

a) Borrower(s) fails to implement the project as approved by the Deputy Mayor/Director of Economic and Housing Development without the prior written consent of the Deputy Mayor/Director of Economic and Housing Development;

b) Borrower(s) fails to implement the project in full compliance with all applicable laws, rules, regulations, City Ordinances and the applicable Redevelopment Plan, as may be amended; or

c) Borrower(s) fails to fully implement the project within twelve (12) months following the Borrower's receipt of the first Loan Disbursement, subject to the provisions herein.

5. Notice and Right to Cure: In the event that the Borrower(s) is in default pursuant to this Ordinance and/or the Loan Documents, the City shall so notify the Borrower(s) in writing ("Notice of Default") and the Borrower(s) shall thereafter have an opportunity to cure the default. In the event that the default cannot be cured, the City may terminate the Redevelopment Loan Agreement and shall be immediately entitled to seek to enforce any remedy available to it at law or in equity as may be necessary and appropriate to collect, in an accelerated manner, any unpaid Redevelopment Loan amount as set forth in a Payoff Statement to be generated by the City taking into account any forgiveness of the Redevelopment Loan, or to enforce the performance of any other obligation of the Redeveloper hereunder. Any failure of or delay by the City to take any such action shall not be deemed a waiver.

6. Remedies: In an Event of Default, the City may exercise any one or any combination of the remedies available to it at law or in equity or pursuant to the terms of the Loan Documents as may be necessary and appropriate to collect, in an accelerated manner, any unsatisfied loan amount or to enforce the performance of any other obligation of the Borrower(s).

7. Release of the City: Borrower(s) shall fully and forever expressly release the City from any and all claims or actions it may have or allege to have against the City arising out of or in relation to the Live Newark Loan Forgiveness Program or any Closing or any project implemented in connection therewith, as may be applicable.

8. Hold Harmless and Indemnification of the City: Each Borrower(s) shall, at its sole cost and expense, indemnify, defend and satisfy all judgments, and hold the City, its officers, employees,

agents, servants and representatives, harmless from and against any and all claims, actions judgments, costs, penalties, liabilities, damages, losses and expenses arising out of or resulting from the Live Newark Loan Forgiveness Program or any Closing or any project implemented by the Borrower(s) in connection therewith, as may be applicable.

9. Insurance Requirements: The Borrower(s) shall obtain and maintain any insurance that shall be required by the Loan Documents, including as such insurance may benefit the City.

10. Covenants Running with the Land: The provisions of the Redevelopment Loan Agreement shall constitute covenants running with the land with respect to the Subject Property and shall bind all purchasers and owners of the Property, their heirs, assigns and all persons claiming by, through or under their heirs, executors, administrators and assigns for the duration of the Agreement as same is set forth therein.

11. Notices: All notices must be in writing and personally delivered or sent by certified mail, return receipt requested, to the addresses in the Redevelopment Loan Agreement. Address changes may be made upon written notice.

Section 6. Prior Ordinances: Any prior Ordinances or parts thereof which are inconsistent with the terms herein are hereby repealed.

Section 7. Severability: If any part of this Ordinance is declared unconstitutional or illegal, the remaining provisions hereof shall continue in full force and effect.

Section 8. Effective Date: This ordinance shall take effect upon final passage and publication in accordance with the laws of the State of New Jersey.

STATEMENT

This Ordinance authorizes the Deputy Mayor/Director of the Department of Economic and Housing Development to enter into and execute Loan Documents, including Redevelopment Loan Agreements, as may be necessary and appropriate to administer the Live Newark Loan Forgiveness Program which shall establish three (3) programs offering the following to eligible applicants in the form of interest-free, forgivable loans, subject to the availability of funding: (i) up to \$5,000.00 for Eligible Closing Costs for the purchase of a home (“Closing Costs Program”); or (ii) up to \$15,000.00 for Eligible Façade Improvements (“Façade Improvement Program”); or (iii) up to \$25,000.00 for Eligible Renovations (“Renovation Program”), all upon properties that shall be utilized as Primary Residences.