Legislation Details (With Text)

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File created:	12/19/2022		**In control:**	Economic and Housing Development	
On agenda:	5/24/2023		**Final action:**	7/19/2023	
Title:	AN ORDINANCE GRANTING A THIRTY (30) YEAR TAX ABATEMENT TO 289-301 WASHINGTON STREET URBAN RENEWAL, LLC, 1950 RUTGERS UNIVERSITY BOULEVARD, #102, LAKEWOOD, NEW JERSEY 08701, FOR A PROJECT TO CONSTRUCT A RESIDENTIAL TOWER CONSISTING OF (238) MARKET RATE RESIDENTIAL RENTAL UNITS, (59) AFFORDABLE HOUSING RENTAL UNITS, OF WHICH (15) UNITS SHALL BE RESTRICTED TO TENANTS AT 40% OF AREA MEDIAN INCOME (“AMI”), (15) UNITS SHALL BE RESTRICTED TO TENANTS AT 60% AMI AND (29) UNITS SHALL BE RESTRICTED TO TENANTS AT 80% AMI, LOCATED AT 289-293 WASHINGTON STREET, NEWARK, NEW JERSEY 07110 AND IDENTIFIED ON THE OFFICIAL TAX MAP OF THE CITY OF NEWARK, AS BLOCK 73, LOT 92.03, ALONG WITH (95) ALLOCABLE PARKING SPACES OF THE (375) TOTAL PARKING SPACES TO BE CONSTRUCTED ON A SEPARATE PODIUM PARKING STRUCTURE AS PART OF THE LARGER “HALO” DEVELOPMENT (CENTRAL WARD).			
Sponsors:	Council of the Whole				
Indexes:					
Code sections:					

Date	Ver.	Action By	Action	Result
7/19/2023	1	Municipal Council	Close on Public Hearing and Adopt	Pass
6/7/2023	1	Municipal Council	Adopt on First Reading	Pass
5/24/2023	1	Municipal Council	Advance to First Reading	Pass

..Title
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WHEREAS, 289-301 Washington Street Urban Renewal, LLC, 1950 Rutgers University Boulevard, #102, Lakewood, New Jersey 08701, filed an application with the Mayor of the City of Newark seeking a long term tax abatement under the Long Term Tax Exemption Law, N.J.S.A. 40A:20-1 et seq., for a thirty (30) year term, for a project to construct a residential tower consisting of two hundred thirty-eight (238) market rate residential rental units, fifty-nine (59) affordable housing rental units, of which fifteen (15) units shall be restricted to tenants at 40% of Area Median Income ("AMI"), fifteen (15) units shall be restricted to tenants at 60% AMI, and twenty-nine (29) units shall be restricted to tenants at 80% AMI, located at 289-293 Washington Street, Newark, New Jersey 07110 and identified on the Official Tax Map of the City of Newark, as Block 73, Lot 92.03, along with ninety-five (95) allocable parking spaces of the three hundred seventy-five (375) total parking spaces to be constructed on a separate podium parking structure as part of the larger "Halo" development (collectively, the "Project"); and

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

WHEREAS, in accordance with Ordinance 6PSF-a adopted on May 4, 2011, 289-301 Washington Street Urban Renewal, LLC has filed with the City a sworn statement that it has not made any contribution in violation of said Ordinance; and

WHEREAS, the Municipal Council has determined pursuant to N.J.S.A. 40A:20-11 that the relative benefits of this Project outweigh any costs associated with this proposed tax abatement 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 289-301 Washington Street Urban Renewal, LLC, 1950 Rutgers University Boulevard, #102, Lakewood, New Jersey 08701 (the "Entity"), for the development, maintenance and operation of the Project described in the application is hereby approved in accordance with the recommendation of the Mayor of the City of Newark for a project to construct a residential tower consisting of two hundred thirty-eight (238) market rate residential rental units, fifty -nine (59) affordable housing rental units, of which fifteen (15) units shall be restricted to tenants at 40% of Area Median Income ("AMI"), fifteen (15) units shall be restricted to tenants at 60% AMI, and twenty-nine (29) units shall be restricted to tenants at 80% AMI, located at 289-293 Washington Street, Newark, New Jersey 07110 and identified on the Official Tax Map of the City of Newark, as Block 73, Lot 92.03, along with ninety-five (95) allocable parking spaces of the three hundred seventy-five (375) total parking spaces to be constructed on a separate podium parking structure as part of the larger "Halo" development (collectively, the "Project").

2. The abatement from taxation on improvements is hereby granted to the Entity for a period of thirty (30) years, pursuant to N.J.S.A. 40A:20-12, and only so long as the Entity is subject to and complies with the proposed Financial Agreement and the Long Term Tax Exemption Law, as amended and supplemented, and upon further condition that the Entity does not file a petition of tax appeal for the premises on which the Project is to be located.

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

4. The Deputy Mayor/Director of the Department of Economic and Housing Development shall file an executed copy of the Financial Agreement authorized by this Ordinance in the Office of 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. The Affirmative Action Program now on file in the Office of the City Clerk is declared to be a material condition of the Financial Agreement authorized by this Ordinance.

7. The Entity 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.

8. The Entity 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 Office of the City Clerk and the Office of Affirmative Action shall forthwith investigate the matters contained therein and report its findings to the Municipal Council.

9. The Annual Service Charge shall be as follows:

(a) The Annual Service Charge for the Income Restricted Units shall be equal to 4.5% of the Annual Gross Revenue from the Income Restricted Units.

(b) The Annual Service Charge for the Market Rate Units shall be shall be equal to 10% of the Annual Gross Revenue from the Market Rate Units.

(c) The Annual Service Charge for all other components of the Project, including the parking and any commercial space, shall be 15% of the Annual Gross Revenue from such other components.

(d) (i) For year sixteen (16) through twenty-one (21), the total Annual Service Charge shall not be less than 20% of the amount of the taxes otherwise due on the value of the Land and Improvements.

(ii) For years twenty-two (22) through twenty-seven (27), the total Annual Service Charge shall not be less than 40% of the amount of the taxes otherwise due on the value of the Land and Improvements.

(iii) For years twenty-eight (28) and twenty-nine (29), the total Annual Service Charge shall not be less than 60% of the amount of the taxes otherwise due on the value of the Land and Improvements.

(iv) For year thirty (30), the total Annual Service Charge shall not be less than 80% of the

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amount of the taxes otherwise due on the value of the Land and Improvements.

10. The Entity shall pay the Minimum Annual Service Charge, as calculated pursuant to N.J.S.A. 40A:20-12(b)(2)(e) and the Financial Agreement, in each year in which the Annual Service Charge, as provided in paragraph 9 above, would be less than the Minimum Annual Service Charge.

11. The following occurrences and requirements are express conditions of the granting of this tax abatement, to be performed by the Entity and the failure to comply with these requirements will result in the cancellation of the tax abatement:

(a) The Entity shall not, without prior consent of the Municipal Council, 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; and

(b) The Entity pursuant to the Revised City Ordinance 10:24-1 et seq., as amended shall be deemed to agree that it will in good faith assist the City of Newark in its goal of having fifty (50%) percent 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 25% of such all new employees shall be minority residents; and

(c) The Entity shall concomitantly, with the submission of the annual report required of it by N.J.S.A. 40A:20-9(d), attach an employment report under oath, with particulars, stating the manner and the extent to which it has complied with 11(b) above. This employment report shall be filed with the Director of the Department of Finance, the Acting City Clerk, and the Deputy Mayor/Director of the Department of Economic and Housing Development; and

(d) The Entity shall pay all outstanding taxes and all outstanding water and sewer charges within thirty (30) days of the adoption of this Ordinance; and

(e) The Entity shall submit to the City a copy of its formation documents, as approved by the Department of Community Affairs and filed with the Secretary of State; and

(f) The Entity shall receive a favorable review and certification from the appropriate Municipal departments and agencies, pursuant to City Ordinance 6S&Fd, adopted on October 21, 1992, as amended; and

(g) The Entity shall pay full taxes on the Land and Improvements of the Project until the Annual Service Charge becomes effective; and

(h) The Entity shall complete the Project within twenty-four (24) months of the adoption of this Ordinance 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 Municipal Council by the Deputy Mayor/Director of the Department of Economic and Housing Development; and

(i)The Entity shall secure all financing prior to the commencement of any construction.

12. In any year that the Entity 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 the Entity ineligible for any land tax credits against the Annual Service Charge.

13. The Entity 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 the Entity to the City shall be determined pursuant to the Financial Agreement to be executed between the Entity and the City of Newark.

14. The Entity agrees that the Entity shall pay to the City a fee of two (2%) percent of the Annual Service Charge as an administrative fee to be paid annually for the term of the Financial Agreement.

15. To the extent of any inconsistency with any prior City ordinance and/or Municipal Code provision governing the granting of long-term tax exemptions, including, inter alia, procedures for application, review and approval, required terms of the Financial Agreement, required conditions and covenants, limits on duration, means of enforcement, and all other matters whatsoever, such prior City ordinances and/or Municipal Code provisions are hereby waived, but only with respect to this Ordinance.

16. Within ten (10) calendar days following the later of the effective date of this Ordinance or the execution of the Financial Agreement by the Entity, the Office of the City Clerk shall transmit a certified copy of this Ordinance and the Financial Agreement to the Chief Financial Officer of the County and to the County Counsel for informational purposes.

17. This Ordinance shall take effect upon final passage and publication in accordance with the laws of the State of New Jersey.

STATEMENT

This Ordinance grants a long term tax abatement to 289-301 Washington Street Urban Renewal, LLC, 1950 Rutgers University Boulevard, #102, Lakewood, New Jersey 08701, pursuant to the Long Term Tax Exemption Law, N.J.S.A. 40A:20-1 et seq., for a (30) year term, for a project to construct a residential tower consisting of (238) market rate residential rental units, (59) affordable housing rental units, of which (15) units shall be restricted to tenants at 40% of

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Area Median Income ("AMI"), (15) units shall be restricted to tenants at 60% AMI and (29) units shall be restricted to tenants at 80% AMI, located at 289-293 Washington Street, Newark, New Jersey 07110 and identified on the Official Tax Map of the City of Newark, as Block 73, Lot 92.03, along with (95) allocable parking spaces of the (375) total parking spaces to be constructed on a separate podium parking structure as part of the larger "Halo" development (Central Ward).