



Legislation Details (With Text)

File #: 16-0077 **Version:** 1 **Name:** Ordinance to Establish Escrow Fees for Redevelopment Projects
Type: Ordinance **Status:** Filed
File created: 1/13/2016 **In control:** Economic and Housing Development
On agenda: 2/17/2016 **Final action:** 3/16/2016
Title: AN ORDINANCE AMENDING TITLE 41, ENTITLED THE "NEWARK ZONING AND LAND USE REGULATIONS" TO ESTABLISH A PROCEDURE FOR IMPLEMENTING ESCROW FEES TO DEFRAY COSTS FOR REDEVELOPMENT PROJECTS.
Sponsors: Council of the Whole
Indexes:
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| Date | Ver. | Action By | Action | Result |
|-----------|------|-------------------|-----------------------------------|--------|
| 3/16/2016 | 1 | Municipal Council | Close on Public Hearing and Adopt | Pass |
| 3/2/2016 | 1 | Municipal Council | Adopt on First Reading | Pass |
| 2/17/2016 | 1 | Municipal Council | Advance to First Reading | Pass |

AN ORDINANCE AMENDING TITLE 41, ENTITLED THE "NEWARK ZONING AND LAND USE REGULATIONS" TO ESTABLISH A PROCEDURE FOR IMPLEMENTING ESCROW FEES TO DEFRAY COSTS FOR REDEVELOPMENT PROJECTS.

WHEREAS, the "Newark Zoning and Land Use Regulations" of the City of Newark were recently amended to enhance planning, housing and economic development within the City of Newark; and

WHEREAS, the Administration and the Department of Economic and Housing Development have determined that it would further the interests of sustaining and promoting growth and development in the City of Newark if Title 41 was further amended to include a new Chapter entitled "Escrow Fees for Redevelopment Matters"; and

WHEREAS, N.J.S.A. 40A:12A-8(f) of Local Housing and Redevelopment Law allows for the municipality or designated redevelopment entity to "collect revenue from a redeveloper to defray the costs of the redevelopment entity"; and

WHEREAS, the City of Newark is the redevelopment entity; and

WHEREAS, it is the purpose of this proposed amendment to establish a process and procedure wherein potential redevelopers defray or cover the City's administrative expenses, costs of professionals, evaluations, negotiation and approval of agreements, and other costs associated with the implementation and administration of redevelopment projects (collectively "Redevelopment Project Costs and Expenses") with the City of Newark; and

WHEREAS, the Department of Economic and Housing Development proposes an amendment

to Title 41, for the “Newark Zoning and Land Use Regulations” to insert a new Chapter entitled “Escrow Fees for Redevelopment Matters.”

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

Section 1. Title 41 of the City of Newark General Code entitled “NEWARK ZONING AND LAND USE REGULATIONS” is hereby amended to include a new Chapter Entitled “Escrow Fees for Redevelopment Matters” which shall read in its entirety, as follows:

Section 1.1 Purpose

Pursuant to N.J.S.A. 40A:12A-8(f) of the Local Housing and Redevelopment Law, potential redevelopers with the City of Newark (“City”) shall be required to enter into a Redevelopment Escrow Funding Agreement (“Funding Agreement”) to cover the City’s administrative expenses, evaluations, negotiation and approval of agreements, and other costs associated with the implementation and administration of redevelopment projects (collectively “Redevelopment Project Costs and Expenses”) with the City. This Funding Agreement shall be a prerequisite to all Redevelopment Agreements with the City where the cost of the Redevelopment Project is as described below.

Section 1.2 Escrow Funding Agreement and Procedures

The Funding Agreement acknowledges and binds the Developer to post an escrow with the City of Newark to pay the City’s Redevelopment Project Costs and Expenses. This includes, but is not limited to, all legal, engineering and planning costs associated with the redevelopment. The Director of the City’s Finance Department will establish an escrow account for the Redevelopment Project. The escrow deposit will be held by the City of Newark’s Finance Department, for the Department of Economic and Housing Development, and disbursed, pursuant to a Funding Agreement attached hereto:

Section 1.3 Escrow Amounts

Potential redevelopers shall be required to make payments to an escrow account to cover the City’s Redevelopment Project Costs and Expenses towards the potential redeveloper’s project. The initial deposit requirement and, if necessary, the amount to be replenished shall be based on the cost of the potential redeveloper’s project as described below:

| <u>Cost of Redevelopment Project</u> | <u>Escrow Deposit</u> |
|--------------------------------------|-----------------------|
| Under \$5,000,000.00 | 0 |
| \$5,000,000.00 to \$15,000,000.00 | \$15,000.00 |
| \$15,000,000.00 to \$25,000,000.00 | \$25,000.00 |
| Above \$25,000,000.00 | \$50,000.00 |

If or when the balance of the Escrow Deposit falls to or below \$5,000.00, then the Potential

Redeveloper must replenish the escrow account within thirty (30) days.

Section 2. Should any section or provision of this ordinance be declared by a court of competent jurisdiction to be invalid, that decision shall not affect the validity of the ordinance as a whole or any part thereof, other than the part so declared to be invalid.

Section 3. This ordinance shall take effect upon final passage and publication in accordance with the laws of the State of New Jersey.

STATEMENT

This Ordinance amends Title 41, entitled the “Newark Zoning and Land Use Regulations” to include a new Chapter entitled “Escrow Fees for Redevelopment Matters” and establishes an Escrow Funding Agreement wherein potential redevelopers are required to enter into this agreement to defray and cover the City’s Redevelopment Project Costs and Expenses.