



Legislation Details (With Text)

File #: 23-0123 **Version:** 1 **Name:** Resolution: Default of Financial Agreement of Grace West Urban Renewal, LLC

Type: Resolution **Status:** Adopted

File created: 1/20/2023 **In control:** Economic and Housing Development

On agenda: 1/24/2023 **Final action:** 1/24/2023

Title: Dept/ Agency: Economic Housing and Development
 Action: () Ratifying (X) Authorizing () Amending
 Purpose: Issuance of an Event of Default for a Financial Agreement with New Grace West Urban Renewal, LLC.
 Project Information:
 RESOLUTION OF THE MUNICIPAL COUNCIL OF THE CITY OF NEWARK, NEW JERSEY DETERMINING THAT AN EVENT OF DEFAULT HAS OCCURRED, PURSUANT TO THE FINANCIAL AGREEMENT WITH NEW GRACE WEST URBAN RENEWAL, LLC, FOR PROPERTY KNOWN AS 221-305 IRVINE TURNER BOULEVARD AND IDENTIFIED ON THE OFFICIAL TAX MAP OF THE CITY OF NEWARK, AS BLOCK 2583, LOT 1.
 Additional Information:

Sponsors: Council of the Whole

Indexes:

Code sections:

| Date | Ver. | Action By | Action | Result |
|-----------|------|-------------------|--------|--------|
| 1/24/2023 | 1 | Municipal Council | Adopt | Pass |

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Additional Information:

WHEREAS, in an effort to encourage and increase development within the City of Newark (the "City"), the City may grant a tax exemption for certain development projects, including housing projects, all in accordance with the Municipal Code of the City of Newark, Title 10, Finance and Taxation, Chapter 24, Procedures for Application, Approval and Administration of Tax Exemption and Abatement; and

WHEREAS, the City considers the granting of a tax exemption and the corresponding reduction in real property taxes to be a significant benefit to a project and its developer; and

WHEREAS, in return for granting such a significant benefit, the City expects and demands that a developer of a housing project receiving a tax exemption will develop a decent, safe, and well-maintained project; and

WHEREAS, in the event that a developer does not meet the City's basic expectations, the City should no longer provide the developer with such a significant benefit; and

WHEREAS, in 2014, the City entered a certain Financial Agreement; a copy of which is attached hereto as Exhibit A, with RGC Grace West Urban Renewal, LLC (the "Original Developer") granting a tax exemption for a project to renovate four hundred twenty- nine (429) affordable housing units on real property commonly known as 221-305 Irvine Turner Boulevard, Newark, New Jersey 07108 and identified on the Official Tax Map of the City of Newark, as Block 2583, Lot 1 (the "Project"); and

WHEREAS, the Original Developer sold the Project to New Grace West Urban Renewal, LLC (the "Developer"); and

WHEREAS, in 2018, the City, the Original Developer and the Developer entered into that certain Assignment and Assumption Agreement, a copy of which is attached hereto as Exhibit B; whereby the Developer assumed all of the obligations in the Financial Agreement; and

WHEREAS, the Financial Agreement requires the Developer to maintain compliance with all Federal, State and City laws, ordinances, resolutions and regulation; and

WHEREAS, the Developer has not maintained the project in accordance with the requirements of the Financial Agreement; and

WHEREAS, at least eighteen (18) code violations and court summons notices were issued in the last few years; and

WHEREAS, the Developer has not rectified or cured these code violations, resulting in a default of the Financial Agreement; and

WHEREAS, the City desires to issue a default notice to the Developer and in the event the default shall not be cured, to authorize the termination of the Financial Agreement and the tax exemption.

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

1. The City has determined that the Developer is in default of the Financial Agreement.
2. The Deputy Mayor/Director of the Department of Economic Housing and Development, or her designee, is hereby authorized to issue a Default Notice to the Developer in accordance with the terms and conditions of the Financial Agreement and, in the event the default shall not be cured, to terminate the Financial Agreement.
3. This Resolution shall take effect immediately.

STATEMENT

Resolution of the Municipal Council determining that an event of default has occurred, pursuant to the Financial Agreement with New Grace West Urban Renewal, LLC for property know as 231-305 Irvine Turner Boulevard and identified on the Official Tax Map of the City of Newark, as Block 2583, Lot 1 and authorizing the Deputy Mayor/Director of the Department of Economic Housing and Development to issue a Notice of Default.