



Legislation Details (With Text)

File #: 17-0465 Version: 1 Name: Resolution: 650 Springfield Avenue Urban Renewal LLC
Type: Resolution Status: Adopted
File created: 3/17/2017 In control: Economic and Housing Development
On agenda: 5/1/2017 Final action: 5/2/2017

Title: Dept/ Agency: Economic and Housing Development
Action: ( ) Ratifying (X) Authorizing ( ) Amending
Type of Service: (1) Execute Affordable Housing Agreement for HOME funds; and (2) Execute Grant Agreement for Community and Economic Development Dedicated Trust Fund
Purpose: To authorize the execution of an Affordable Housing Agreement and Grant Agreement for the development of a four (4) story elevator structure that will include fifty-nine (59) units of which fifty-eight (58) are affordable housing units and one (1) unit is for a Resident Manager. The building will consist of six (6) one-bedrooms, thirty-seven (37) two-bedrooms and fifteen (15) three -bedrooms, and one (1) Resident Manager apartment and twenty-eight (28) parking spaces. Five (5) units will be set aside for the homeless.
Entity Name: 650 Springfield Ave Urban Renewal LLC
Entity Address: 61 Deans Lane, Monmouth Junction, New Jersey 08852
Grant Amount: \$300,000.00 in Federal HOME Program funds and \$200,000.00 from the City of Newark Community and Economic Development Dedicated Trust Fund
Funding Source: Federal HOME Funds and Community and Economic Development Dedicated Trust Fund
Contract Period: Date of Municipal Council adoption through December 31, 2047; HOME program funds must be expended within forty-eight (48) months from the date of adoption
Contract Basis: ( ) Bid ( ) State Vendor ( ) Prof. Ser. ( ) EUS
( ) Fair & Open ( ) No Reportable Contributions ( ) RFP ( ) RFQ
( ) Private Sale (X) Grant ( ) Sub-recipient ( ) n/a
List of Property:
(Address/Block/Lot/Ward)
650-656 Springfield Avenue; 708 South 17th Street; 724-726 South 17th Street and 47-55 19th Avenue, Block 364 Lots 1, 2, 21, 22, 24, 26, 27, 28 and 29/South Ward
Additional Information:

Sponsors: John Sharpe James, Mildred C. Crump

Indexes:

Code sections:

Table with 5 columns: Date, Ver., Action By, Action, Result. Rows show dates 5/2/2017 and 5/1/2017 with actions like 'Adopt' and 'No Action Taken'.

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**Additional Information:**

**WHEREAS**, the City of Newark, New Jersey (the "City"), desires to enter into and execute a Deed Restrictive Affordable Housing Agreement (the "AHA") with 650 Springfield Ave Urban Renewal LLC (the "Entity"), having its principal place of business at 61 Deans Lane, Monmouth Junction, New Jersey 08852; and

**WHEREAS**, the City desires to provide the Entity with Federal HOME Program Funds in the form of an interest bearing deferred payment loan for a period of thirty (30) years pursuant to the Federal HOME Loan Program (24 CFR part 92) and any amendments thereto; and

**WHEREAS**, the AHA is for the amount of Three Hundred Thousand Dollars and Zero Cents (\$300,000.00) in Federal HOME Program Funds for the 650 Springfield Avenue Project to be located at 650-656 Springfield Avenue, 708 South 17<sup>th</sup> Street, 724-726 South 17<sup>th</sup> Street and 47-55 19<sup>th</sup> Avenue, Newark, New Jersey/Block 364/Lots 1, 2, 21, 22, 24, 26, 27, 28 and 29/South Ward (the "Property"), which shall include the construction of fifty-nine (59) residential units (58 of which shall be affordable units), twenty-eight (28) parking spaces, a community room, a leasing/management office, and laundry facilities (collectively, the "Project"). Units assisted with HOME Program Funds must be occupied by low income and very low income households; and

**WHEREAS**, the HOME Program Funds authorized by this Resolution in the amount of Three Hundred Thousand Dollars and Zero Cents (\$300,000.00) are only being made available to the Entity for the purpose of applying for and receiving Low Income Housing Tax Credit funds through the NJHMFA, and should the Entity not receive a Low Income Housing Tax Credit award from the NJHMFA, the HOME Program Funds will be rescinded and no HOME Program Funds will be made available to the Entity by the City towards the Project; and

**WHEREAS**, it is in the best interest of the City and the Department of Economic and Housing Development to establish contractual guarantees and procedures by which the City will ensure the Entity's compliance with the requirements of the Federal HOME Program for the time and in the manner set forth in the AHA for the receipt of said HOME Program Funds; and

**WHEREAS**, the Project is also located within an area in need of redevelopment as defined under the Local Redevelopment and Housing Law, *N.J.S.A. 40A:12A-1 et seq.* (the "LRHL"), and is governed by the South Ward Redevelopment Plan, as amended (the "Redevelopment Plan"); and

**WHEREAS**, the Project currently has a significant funding gap that must be bridged in order to make the Project financially feasible; and

**WHEREAS**, *N.J.S.A. 40A:12A-8(f)* of the LRHL authorizes municipalities to provide grants to redevelopers to

provide financial assistance for the performance of redevelopment activities in order to implement redevelopment projects in accordance with redevelopment plans; and

**WHEREAS**, the Project qualifies for financial assistance since it is located within a redevelopment area and is being performed in order to implement an approved Redevelopment Plan; and

**WHEREAS**, the Municipal Council recognizes the need to complete the above Project and desires to finance the making of a capital grant in the amount of Two Hundred Thousand Dollars and Zero Cents (\$200,000.00) to the Entity to be used as a subsidy to develop the Project; and

**WHEREAS**, in connection therewith, the City desires to enter into and execute a Grant Agreement with the Entity to provide it with such capital grant in the amount of Two Hundred Thousand Dollars and Zero Cents (\$200,000.00) with funds for this grant to be provided from the City's Community and Economic Development Dedicated Trust Fund (the "Fund") established by Resolution 7R-g adopted on November 6, 1985 by the Municipal Council (the "Fund Resolution"), for the purpose of financing the development costs associated with redevelopment projects, urban revitalization projects, economic stabilization and stimulation projects and such other projects within the City, which are consistent with the activities eligible for assistance under Title I of the Housing and Community Development Act of 1974, as amended ("Title I"); and

**WHEREAS**, the Project is consistent with the purposes set forth in the Fund Resolution and the activities eligible for assistance under Title I and the City further wishes to fund a capital grant to the Redeveloper in an amount not to exceed Two Hundred Thousand Dollars and Zero Cents (\$200,000.00) (the "Grant") from the amounts deposited in the Fund in accordance with the Fund Resolution.

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

1. The Mayor and/or his designee, the Deputy Mayor/Director of the Department of Economic and Housing Development are hereby authorized to enter into and execute: (i) an Affordable Housing Agreement with 650 Springfield Ave Urban Renewal LLC, having its principal place of business at 61 Deans Lane, Monmouth Junction, New Jersey 08852 for Federal HOME Program Funds in the amount of Three Hundred Thousand Dollars and Zero Cents (\$300,000.00) to subsidize the acquisition, construction and predevelopment costs of six (6) of the approximately fifty-eight (58) affordable housing units to be constructed within the project known as the "650 Springfield Avenue"; and (ii) a Grant Agreement with the Entity for Two Hundred Thousand Dollars and Zero Cents (\$200,000.00) from the City's Community and Economic Development Dedicated Trust Fund to subsidize the acquisition, construction and predevelopment costs of fifty-two (52) of the approximately fifty-eight (58) affordable housing units to be constructed within the Project. The site of the Project will be located at 650-656 Springfield Avenue, 708 South 17<sup>th</sup> Street, 724-726 South 17<sup>th</sup> Street and 47-55 19<sup>th</sup> Avenue, Newark, New Jersey/Block 364/Lots 1, 2, 21, 22, 24, 26, 27, 28 and 29/South Ward.
2. The Deputy Mayor/Director of the Department of Economic and Housing Development is hereby authorized to establish a declaration of covenants, conditions and restrictions to ensure that the Project remains affordable for a period of thirty (30) years in accordance with the HOME Program. Said covenants, conditions and restrictions shall run with the land and bind the Entity and any subsequent purchasers and owners, their heirs, executors, administrators and assigns and all persons claiming by, through or under their heirs, executors, administrators and assigns with the AHA for a period of thirty (30) years.
3. The Deputy Mayor/Director of the Department of Economic and Housing Development is hereby authorized to establish and record a declaration of covenants, conditions and restrictions to ensure that the City shall be repaid the full amount of the Grant Funds disbursed to the Entity upon the occurrence of an event of default under the Grant Agreement by the Entity by requiring the Entity to execute a separate Grant Mortgage and Grant Mortgage Note for the full amount of funding provided to the Entity in the Grant Agreement. Said covenants, conditions and restrictions shall run with the land and bind the Entity and any subsequent purchasers and owners, their heirs, executors, administrators and assigns and all persons claiming by, through or under their heirs, executors, administrators and assigns during the term of the Grant Agreement and the City shall discharge such Grant Mortgage and lien in connection therewith upon its issuance of a Certificate of Completion for the Project.
4. The Department of Economic and Housing Development shall be responsible for the recordation of the final fully executed AHA, the HOME and Grant Mortgage and Security Agreements, the Notes and any amendments

thereto in the Office of the Essex County Register's Office.

5. The HOME Mortgage and HOME Mortgage Note given by the Entity in favor of the City of Newark shall ensure compliance with all of the requirements of the HOME Program, pursuant to the HOME Program Statute and Regulations (24 CFR Part 92).
6. Subject to the satisfaction in the sole discretion of the City of all of the terms, covenants and other conditions set forth in the AHA and other documents and agreements executed and delivered by the Entity in connection herewith and the Project, the HOME Mortgage Note and the HOME Mortgage made in favor of the City shall be forgiven and discharged by the City upon the expiration of the thirty (30) year affordability period. Notwithstanding the foregoing, the loan will be required to be repaid in full at the end of the thirty (30) year affordability period or earlier if any of the terms, covenants and other conditions of the Agreement and/or other documents and agreements executed and delivered by the Entity in connection herewith and the Project have been violated and/or breached by the Entity or the Entity otherwise defaults with respect to their respective terms, covenants and/or conditions as provided therein.
7. The Deputy Mayor/Director of the Department of Economic and Housing Development is hereby authorized to effectuate certain business terms and conditions related to the AHA and the Grant Agreement, each of which are annexed hereto as permitted by New Jersey Law and may enter into subordination agreements, access and right of entry agreements, mortgages and other relevant documents related to this fund allocation in a form subject to the approval of the Acting Corporation Counsel. In addition, 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 term of the contract and any contract timelines and milestones, provided that any contract 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 the approval of the Acting Corporation Counsel.
8. Disbursement of the Federal HOME Program Funds for the Project in the amount of Three Hundred Thousand Dollars and Zero Cents (\$300,000.00) shall be subject to the terms and conditions set forth in the AHA, which is attached hereto and a made a part hereof. Disbursement of the Grant Funds for the Project in the amount of Two Hundred Thousand Dollars and Zero Cents (\$200,000.00) shall be subject to the terms and conditions set forth in the Grant Agreement, which is attached hereto and a made a part hereof.
9. The Entity must adhere to all milestones and timelines in the Project Schedule approved by the Department of Economic and Housing Development. The Project completion is further defined in the AHA in Exhibit D and in the Grant Agreement. The Property must conform to the City of Newark Design and Construction Standards Guidelines for New Home Construction, including standards for environmental sustainability and energy efficiency, as established by the Department of Economic and Housing Development. Should the Entity fail to complete the Project within the specified time frame, then the City, in its sole discretion, in addition to any other remedy available by the Agreement or as allowed by law, may direct the Entity to repay all HOME Program Funds expended on the Project back to the City.
10. The term of the Affordable Housing Agreement and Grant Agreement shall be for a period of thirty (30) years from the date of adoption of this authorizing resolution by the Municipal Council. HOME Program Funds must be expended within forty-eight (48) months from the date of adoption.
11. The Entity must remain in compliance with Municipal, State and Federal Laws, including, but not limited to the City of Newark's Minority Set-Aside Ordinance (6S&Fd adopted on April 5, 1995) and its Affirmative Action Plan (7Rbp adopted on March 1, 1995) and Federal Executive Order 11246 (as amended by Executive Orders 1137 and 12086) with respect to the award of goods and services. The Entity has agreed to ensure that a minimum of 40% of the workers employed during the construction of the Project shall be Newark residents and that 30% of all contractors, subcontractors and suppliers shall be Newark companies.
12. HOME Program Funds authorized by this resolution in the amount of Three Hundred Thousand Dollars and Zero Cents (\$300,000.00) are only being made available to the Entity for the purpose of applying for and receiving Low Income Housing Tax Credit funds through the NJHMFA, and should the Entity not receive a Low Income Housing Tax Credit award from the NJHMFA, the HOME Program Funds will be rescinded and no HOME Program Funds will be made available to the Entity by the City of Newark towards the Project.

13. Units assisted with HOME Program Funds must be designated upon execution of the AHA and must remain fixed units for the duration of the affordability period. Households seeking to occupy a HOME-assisted unit must be certified prior to occupancy and recertified annually.

14. Attached hereto are Certification of Funds from the Municipal Comptroller of the City of Newark which states:

- a) there are sufficient funds in the aggregate amount of Five Hundred Thousand Dollars and Zero Cents (\$500,000.00) for the purpose set forth herein and above; and
- b) that the line appropriation of Official Budget which shall be charged as follows:

Business Unit	Department	Div./Proj.	Activity	Account #	Budget Ref.:	Amount
NW051	G17	D1710	A	72090	B2017	\$300,000.00
NW026	BS		A	32100	B2017	\$200,000.00

**STATEMENT**

This resolution hereby authorizes the Mayor and/or his designee, or the Deputy Mayor/Director of the Department of Economic and Housing Development to enter into and execute an Affordable Housing Agreement with 650 Springfield Ave Urban Renewal LLC, 61 Deans Lane, Monmouth Junction, New Jersey 08852, for: (i) Federal HOME Program Funds in the amount of Three Hundred Thousand Dollars and Zero Cents (\$300,000.00); and (ii) Grant Funds in the amount of Two Hundred Thousand Dollars and Zero Cents (\$200,000.00) to subsidize the construction and pre-development costs for the construction and development of a residential project consisting of fifty nine (59) residential units located at 650-656 Springfield Avenue, 708 South 17<sup>th</sup> Street, 724-726 South 17<sup>th</sup> Street and 47-55 19<sup>th</sup> Avenue, Newark, New Jersey/Block 364/Lots 1, 2, 21, 22, 24, 26, 27, 28 and 29/South Ward. The HOME assisted units must remain affordable for a period of thirty (30) years pursuant to the requirements under the HOME Program (24 CFR Part 92).