



Legislation Details (With Text)

File #: 23-0809 **Version:** 1 **Name:** Metamorphosis Development Enterprise Subordination Agreement

Type: Resolution **Status:** Adopted

File created: 5/22/2023 **In control:** Economic and Housing Development

On agenda: 6/27/2023 **Final action:** 7/19/2023

Title: Dept/ Agency: Economic and Housing Development
Action: Ratifying Authorizing Amending
Type of Service: Private Sale/Redevelopment
Purpose: To provide an Agreement to subordinate the City's reverter rights by entering into a First Amended Agreement for the Sale of Land and Redevelopment and a Subordination Agreement to enable the Redeveloper to obtain financing necessary for the redevelopment of six (6) three-unit townhomes.
Entity Name: Metamorphosis Development Enterprise, LLC
Entity Address: Neptune, New Jersey 07753
Sale Amount: \$60,000.00
Cost Basis: () \$4.00 PSF () Negotiated () N/A () Other:
Assessed Amount: \$187,700.00
Appraised Amount: \$0.00
Contract Period: To commence within three (3) and be completed within eighteen (18) months from transfer of ownership by the City
Contract Basis: () Bid () State Vendor () Prof. Ser. () EUS
() Fair & Open () No Reportable Contributions () RFP () RFQ
() Private Sale () Grant () Sub-recipient n/a
List of Property:
(Address/Block/Lot/Ward)
361-363 South 8th Street/Block 281/Lot 34/Additional Lot 35/Central Ward
365 South 8th Street/Block 281/Lot 36/Central Ward
394 South 9th Street/Block 281/Lot 3/Central Ward
396 South 9th Street/Block 281/Lot 2/Central Ward
398 South 9th Street/ Block 281/Lot 1/Central Ward
Additional Information:
Resolution 7R2-b adopted on December 5, 2018, authorized the Sale and Redevelopment Agreement.
Metamorphosis Development Enterprise, LLC, 40 Clinton Street, Suite 300, Newark, New Jersey 07102, previously known address.
Deferred 7R2-b 062723

A Public Hearing will be held on Tuesday, July 19, 2023 at 12:30 P.M. in the Council Chamber or a date soon thereafter practical, in the Council Chamber.

Sponsors: LaMonica R. Mclver, Luis A. Quintana

Indexes:

Code sections:

Date	Ver.	Action By	Action	Result
7/19/2023	1	Municipal Council	Adopt	Pass
6/27/2023	1	Municipal Council	Defer	Pass

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A Public Hearing will be held on Tuesday, July 19, 2023 at 12:30 P.M. in the Council Chamber or a date soon thereafter practical, in the Council Chamber.

WHEREAS, pursuant to Resolution 7R2-b adopted on December 5, 2018, the Mayor and the Deputy Mayor/Director of the Department of Economic and Housing Development were authorized to enter into and execute an Agreement for the Sale and Redevelopment of Land ("Agreement") with Metamorphosis Development Enterprise, LLC, 1 Amparo Way, Neptune, New Jersey 07753 ("Redeveloper") for the sale of land owned by the City of Newark ("City") located at 398 South 9th Street, 396 South 9th Street, 394 South 9th Street, 361-363 South 8th Street and 365 South 8th Street, Newark, New Jersey and identified on the Official Tax Map of the City of Newark as Block 281, Lots 1, 2, 3, 34, 35 and 36 ("Properties"), for a purchase price of Sixty Thousand Dollars and Zero Cents (\$60,000.00) for the construction of six (6) three-unit townhomes ("Project"); and

WHEREAS, the sale and Agreement were authorized pursuant to N.J.S.A. 40A:12A-8(g) and the Central Ward Redevelopment Plan; and

WHEREAS, the Agreement allows the City to seek reversion of title to the Properties under certain events of Default as defined in the Agreement (the "Reverter Right"); and

WHEREAS, Redeveloper has secured construction and permanent financing from Community Loan Fund of New Jersey, Inc. (“Lender”) in the approximate principal amount not to exceed One Million Two Hundred Eighty-Two Thousand One Hundred Eighty-Five Dollars and Zero Cents (\$1,282,185.00) (the “Loan”), to develop the Project, which Loan will be evidenced by a Promissory Note and will be secured by a mortgage on the Properties; and

WHEREAS, as a condition of the above Loan, the Lender has requested that the City subordinate its Reverter Right, within the Agreement and Deeds, to the Mortgage; and

WHEREAS, the Agreement states that the Reverter Right may be subordinated by the City subject to formal approval by the Municipal Council and pursuant to N.J.S.A. 40:60-51.2, which allows a municipality to waive, release, modify or subordinate any terms, covenants, conditions, limitations or reverters imposed in sales and conveyances of lands as to the erection, alteration or demolition of buildings or any other use to be made of land heretofore imposed by said municipality to accomplish the purposes for which such lands were sold and conveyed either at public or private sale including those set forth pursuant to Section 21 of P.L. 1971, c. 199 (C.40A:12-21) but only after public hearing held before such Governing Body, of the holding of which notice describing the lands in question, and the terms, covenants, conditions, limitations or reverters to be waived, released, modified or subordinated, and, if to be modified or subordinated, describing the manner in which the same shall be modified or subordinated, shall first have been given by advertisement published once each week for two weeks in a newspaper published in said municipality or, if no newspaper be published there in, then in a newspaper circulating in such municipality, provided, however, that the power herein granted shall not be exercised to impair any vested or contractual rights of third parties; and

WHEREAS, the Department of Economic and Housing Development caused a notice to be advertised, including the requirements established in N.J.S.A. 40:60-51.2, in the Star Ledger on May 31, 2023 and June 7, 2023, which complies with the notice requirement of once each week for two weeks; and

WHEREAS, the Municipal Council desires to subordinate the City’s Reverter Right contained in the Agreement and the Deed by entering into a First Amended Agreement for the Sale of Land and Redevelopment and a Subordination Agreement so as to accomplish the Project.

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

1. The Mayor and/or his designee, and the Deputy Mayor/Director of the Department of Economic and Housing Development are hereby authorized to enter into a Subordination Agreement with Community Loan Fund of New Jersey Inc., 100 Albany Street, Suite 250, New Brunswick, New Jersey 08901 (“Lender”) and Metamorphosis Development Enterprise, LLC, 1 Amparo Way, Neptune, New Jersey 07753 (“Redeveloper”) in the form attached hereto as it pertains to City owned properties located at 398 South 9th Street, 396 South 9th Street, 394 South 9th Street, 361-363 South 8th Street and 365 South 8th Street, Newark, New Jersey and identified on the Official Tax Map of the City of Newark as Block 281, Lots 1, 2, 3, 34, 35 and 36 (“Properties”), which were sold to Redeveloper pursuant to Resolution 7R2-b adopted

on December 5, 2018 for the construction of six (6) three-unit townhomes (“Project”).

2. The Mayor and/or his designee the Deputy Mayor/Director of the Department of Economic and Housing Development are hereby authorized to enter into a First Amended Agreement for the Sale of Land and Redevelopment with the Redeveloper, in the form attached hereto, related to the Properties for the Project.
3. All other terms and conditions of the Agreement for the Sale of Land and Redevelopment authorized by and entered into pursuant to Resolution 7R2-b adopted on December 5, 2018, shall remain in full force and effect.
4. The Deputy Mayor/Director of the Department of Economic and Housing Development shall place a filed copy of this Resolution, the fully executed Subordination Agreement, and the First Amended Agreement for the Sale of Land and Redevelopment with the Office of the City Clerk.

STATEMENT

This Resolution authorizes the Mayor and/or his designee, and the Deputy Mayor/Director of the Department of Economic and Housing Development to enter into and execute a Subordination Agreement with Metamorphosis Development Enterprise, LLC, 1 Amparo Way, Neptune, New Jersey 07753 (“Redeveloper”) and Community Loan Fund of New Jersey, Inc. (“Lender”) and a First Amended Agreement for the Sale of Land and Redevelopment with the Redeveloper, to enable the Redeveloper to obtain financing necessary for the construction of six (6) three unit townhomes (“Project”) on the properties located at 398 South 9th Street, 396 South 9th Street, 394 South 9th Street, 361-363 South 8th Street and 365 South 8th Street, Newark, New Jersey and identified on the Official Tax Map of the City of Newark as Block 281, Lots 1, 2, 3, 34, 35 and 36 (“Properties”), which were sold to Redeveloper pursuant to Resolution 7R2-b adopted on December 5, 2018.