



Legislation Details (With Text)

File #: 14-1882 **Version:** 1 **Name:** Riverside Arms Tax Abatement
Type: Resolution **Status:** Filed
File created: 11/5/2014 **In control:** Economic and Housing Development
On agenda: 1/21/2015 **Final action:** 1/21/2015
Title: Dept/ Agency: Economic & Housing Development
Action: Ratifying Authorizing Amending
Type of Service: Application for Long-Term Tax Abatement
Purpose: To grant a long term tax abatement to RIVERSIDE ARMS URBAN RENEWAL, LLP under the HMFA law to construct nine (9) three story multifamily apartment buildings totaling 128 units (10 one bedroom units, 71 two bedroom units, and 47 three bedroom units)
Entity Name: RIVERSIDE ARMS URBAN RENEWAL, LLP
Entity Address: 71 Lake Street, Colonia, NJ 07067
Abatement Period: Thirty (30) years
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)
14-16 Chester Avenue/Block 617/Lot 1.01/North Ward
1-14 Jules Place/Block 617/1.02-1.15/North Ward
63-95 Herbert Place/Block 617/Lots 1.16-1.25/North Ward
Additional Information:
The requested PILOT formula is based on 6.28% of gross revenues.

Sponsors: Anibal Ramos, Jr., Gayle Chaneyfield Jenkins

Indexes:

Code sections:

Date	Ver.	Action By	Action	Result
1/21/2015	1	Municipal Council	Adopt	Pass

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WHEREAS, Riverside Arms Urban Renewal, LLP, 71 Lake Street, Colonia, NJ 07067, filed an application with the Mayor seeking a long term tax abatement pursuant to New Jersey Housing and Mortgage Finance Agency Law, N.J.S.A. 55:14K-1 et seq. (“HMFA Law”) for a term of thirty (30) years for six (6) units of affordable housing located at 14-16 Chester Avenue, 2-14 Jules Place, and 63-95 Herbert Place and identified on the official tax map of the City as Block 617, Lots 1.01-1.25 (the “Property”), consisting of the construction of nine (9) three story multifamily apartment buildings totaling 128 units divided into 10 one bedroom units, 71 two bedroom units, and 47 three bedroom units (the “Project”); and

WHEREAS, the Mayor has 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 May 4, 2011, Riverside Arms Urban Renewal, LLP 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 tax exemption 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 Riverside Arms Urban Renewal, LLP, 71 Lake Street, Colonia, NJ 07067, for the rehabilitation of the Project described in the application is hereby approved in accordance with the recommendation of the Mayor.

2. The abatement from taxation on improvements is hereby granted to Riverside Arms Urban Renewal, LLP for a period of thirty (30) years from the date of substantial completion of the Project, pursuant to HMFA Law, and only so long as Riverside Arms Urban Renewal, LLP is subject to and complies with the proposed Financial Agreement and the HMFA Law, as amended and supplemented, and upon the further condition that Riverside Arms Urban Renewal, LLP does not file a petition of tax appeal for the Property on which the Project is to be located.

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

4. An executed copy of the Financial Agreement authorized by this resolution shall be filed and maintained with the 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. Riverside Arms Urban Renewal, LLP 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.

7. Riverside Arms Urban Renewal, LLP 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 City Clerk and the Office of Affirmative Action shall forthwith investigate the matters contained therein and report its findings to the Municipal Council.

8. Subject to the requirements of paragraph 10 below, as of the Annual Service Charge Start Date (as defined in the Financial Agreement), Riverside Arms Urban Renewal, LLP shall pay an estimated quarterly service charge to the City in the amount of \$28,946.00 until the correct amount due from Riverside Arms Urban Renewal, LLP is determined by the City's Acting Director of Finance based upon the auditor's report that is required to be submitted under the Financial Agreement. The annual service charge shall be based on 6.28% of the Annual Gross Revenue generated from the Project for thirty (30) years as set forth more fully within the Financial Agreement. After the auditor's report required under the Financial Agreement has been accepted by the City's Acting Director of Finance, the City and Riverside Arms Urban Renewal, LLP will adjust any over or under payment so made or needed to be made for the particular period covered by the auditor's report.

9. Riverside Arms Urban Renewal, LLP shall pay the minimum annual service charge, as calculated pursuant to HMFA Law 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.

10. The following occurrences and requirements are express conditions of the granting of this tax abatement, to be performed by Riverside Arms Urban Renewal, LLP, and the failure to comply with these requirements will result in the cancellation of the tax abatement:

(a) Riverside Arms Urban Renewal, LLP shall pay full taxes on the land and improvements of the Project (designated as Block 617, Lot 1.01 through 1.25) until the annual service charge becomes effective;

(b) Riverside Arms Urban Renewal, LLP shall not, without prior consent of the Municipal Council of the City of Newark, 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;

(c) Riverside Arms Urban Renewal, LLP, pursuant to the Revised City Ordinance 10:24-1 et seq., as amended, shall be deemed to agree that if Riverside Arms Urban Renewal, LLP operates, controls or manages the Project that it will make its Best Efforts (as defined in the Financial Agreement) to achieve the goal of having 51% 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 a goal of 51% of such all new employees shall be minority residents;

(d) Riverside Arms Urban Renewal, LLP shall concomitantly, with the submission of the annual report required of it, attach an employment report under oath, with particulars, stating the manner and the extent to which it has complied with 10(c) above. This employment report shall be filed with the Acting Director of Finance, the City Clerk of the City of Newark, and the Director of the

Department of Economic and Housing Development;

(e) Riverside Arms Urban Renewal, LLP shall pay all outstanding taxes and all outstanding water and sewer charges within thirty (30) days of the adoption of this resolution;

(f) Riverside Arms Urban Renewal, LLP shall complete the Project within twenty-four (24) months of the date of adoption of this resolution; 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 Newark Municipal Council by the Deputy Mayor/Director of the Department of Economic and Housing Development;

(g) Riverside Arms Urban Renewal, LLP shall submit any and all lease agreements and/or subleases entered into with related or third parties for the use and occupancy of space made available by Riverside Arms Urban Renewal, LLP to the Law Department and the Department of Economic and Housing Development. The obligation to submit lease agreements shall be a continuing obligation during the period of the Financial Agreement. All lease agreements shall be subject to review by the City for the purpose of determining the validity thereof and to ensure that lease agreements are executed as part of an arms length transaction;

(h) Riverside Arms Urban Renewal, LLP 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;

(i) Riverside Arms Urban Renewal, LLP shall receive a favorable review and certification from the appropriate municipal departments and agencies, pursuant to Municipal Ordinance 6S&FD 102192, as amended;

(j) Riverside Arms Urban Renewal, LLP shall secure all financing prior to the commencement of any construction.

11. That in any year that Riverside Arms Urban Renewal, LLP 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 Fairview Homes Preservation, L.P. ineligible for any land tax credits against the annual service charge.

12. Riverside Arms Urban Renewal, LLP 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 Riverside Arms Urban Renewal, LLP to the City shall be determined pursuant to the Financial Agreement to be executed between Riverside Arms Urban Renewal, LLP and the City of Newark.

13. The City Clerk's Office of the City of Newark shall forthwith submit a certified copy of the resolution approving the tax abatement and the proposed Financial Agreement to the Director of the Division of Local Government Services.

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

STATEMENT

This Resolution grants a long term tax abatement to Riverside Arms Urban Renewal, LLP, 71 Lake Street, Colonia, NJ 07067, under the HFMA Law for thirty (30) years for the construction of nine (9) three story multifamily apartment buildings totaling 128 units (10 one bedroom units, 71 two bedroom units, and 47 three bedroom units) located at 14-16 Chester Avenue, 1-14 Jules Place, and 63-95 Herbert Place and identified on the official tax map of the City as Block 617, Lots 1.01-1.25.