



Legislation Text

File #: 21-0666, Version: 1

Dept/ Agency: Economic and Housing Development

Action: () Ratifying (X) Authorizing (X) Amending

Type of Service: Private Sale/Redevelopment

Purpose: An Agreement to subordinate the City's Reverter rights by entering into a First Amended Redevelopment Agreement and a Subordination Agreement to enable Redeveloper to obtain financing necessary for the redevelopment of one (1) two-family house and two (2) three-family houses.

Entity Name: Commercial Funding Group, LLC

Entity Address: 490 East Kennedy Boulevard, Lakewood, New Jersey 08901

Sale Amount: Not Applicable

Cost Basis: () \$ PSF () Negotiated (X) N/A () Other:

Assessed Amount: Not Applicable

Appraised Amount: Not Applicable

Contract Period: Not Applicable

Contract Basis: () Bid () State Vendor () Prof. Ser. () EUS
() Fair & Open () No Reportable Contributions () RFP () RFQ
(X) Private Sale () Grant () Sub-recipient () n/a

List of Property:

(Address/Block/Lot/Ward)

88-90 Milford Avenue/Block 2672/Lot 34/South Ward

92 Milford Avenue/Block 2672/Lot 35/South Ward

94 Milford Avenue/Block 2672/Lot 31/South Ward

Additional Information:

Resolution 7R2-g(S) adopted on July 2, 2019, authorized the Sale and Redevelopment Agreement.

WHEREAS, pursuant to Resolution 7R2-g(S) adopted on July 2, 2019, the Mayor of the City of Newark 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 Commercial Funding Group, LLC ("Redeveloper") for the sale of land owned by the City of Newark ("City") located at 88-90 Milford Avenue, 92 Milford Avenue, and 94 Milford Avenue, Newark, New Jersey 07108 and identified on the Official Tax Map of the City of Newark, as Block 2672, Lots 34, 35, and 31 ("Properties"), for a purchase price of Seventy Thousand Seventy-Two Dollars and Fifty-Six Cents (\$70,072.56), for the construction of one (1) two-family house and two (2) three-family houses ("Project"); and

WHEREAS, the Sale and Agreement were authorized pursuant to N.J.S.A. 40A:12A-8g and the South 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, the Redeveloper has secured construction and permanent financing from Community Loan Fund of New Jersey, Inc. (“Lender”), in the approximate principal amount of \$1,163,885.00 (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 therein, 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 July 9, 2021, and July 16,2021, 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 Redevelopment Agreement 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 of the City of Newark and/or his designee, the Deputy Mayor/Director of the Department of Economic and Housing Development are hereby authorized to enter into and execute a Subordination Agreement with Community Loan Fund of New Jersey, Inc., 108 Church Street, 3rd Floor, New Brunswick, New Jersey 08901, and Commercial Funding Group, LLC, 490 E. Kennedy Boulevard, Lakewood, New Jersey 08901, in the form attached hereto as it pertains to City-owned properties located at 88-90 Milford Avenue, 92 Milford Avenue, and 94 Milford Avenue, Newark, New Jersey 07108 and identified on the Official Tax Map of the City of Newark, as Block 2672, Lots 34, 35, and 31 which were sold to Redeveloper pursuant to Resolution 7R2-g(S) adopted on July 2, 2019, for the construction of one (1) two-family house and two (2) three-family houses.
2. The Mayor of the City of Newark and/or his designee, the Deputy Mayor/Director of the

Department of Economic and Housing Development are hereby authorized to enter into and execute a First Amended Redevelopment Agreement 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 and Redevelopment of Land authorized by and entered into pursuant to Resolution 7R2-g (S) adopted on July 2, 2019, 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 Redevelopment Agreement with the Office of City Clerk.

STATEMENT

This resolution authorizes the Mayor of the City of Newark and the Deputy Mayor/Director of the Department of Economic and Housing Development to enter into and execute a Subordination Agreement with Commercial Funding Group, LLC and Community Loan Fund of New Jersey, Inc. and a First Amended Redevelopment Agreement with the Redeveloper, to enable the Redeveloper to obtain financing necessary for the construction of one (1) two-family house and two (2) three-family houses on the properties located at 88-90 Milford Avenue, 92 Milford Avenue, and 94 Milford Avenue, Newark, New Jersey 07108, as shown on the Official Tax Map of the City of Newark, as Block 2672, Lots 34, 35, and 31 (South Ward), which were sold to Redeveloper pursuant to 7R2-g(S) adopted on July 2, 2019.