



## Legislation Text

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**AN ORDINANCE AMENDING TITLE II, CHAPTER 10, DEPARTMENT OF ECONOMIC AND HOUSING DEVELOPMENT, OF THE REVISED GENERAL ORDINANCES OF THE CITY OF NEWARK, NEW JERSEY, 2000, AS AMENDED AND SUPPLEMENTED, BY CREATING AND ESTABLISHING A NEW SECTION 9, ENTITLED "HOMEOWNERSHIP REVITALIZATION PROGRAM," AND RULES FOR QUALIFYING RESIDENTS TO PURCHASE AND DEVELOP CITY-OWNED PROPERTIES UNDER THE PROGRAM.**

**WHEREAS**, the City of Newark ("City") has determined that the continuance of a shortage of affordable housing to the City's residents is harmful to the health, prosperity, economic stability and general welfare of the City; and

**WHEREAS**, the City finds that these circumstances in the City require proactive and meaningful action to reduce the displacement of vulnerable City's residents, while continuing to promote the development of housing and amenities for current and future residents of the City; and

**WHEREAS**, the City finds that gentrification and displacement exacerbate historic patterns of racial and economic segregation, deepen concentrations of poverty and wealth, and widen disparities in access to good schools, jobs, healthcare, and other amenities; and

**WHEREAS**, the percentage of housing in the City that is owner-occupied is very low and through the Homeownership Revitalization Program the City wishes to expand homeownership and promote housing stability and wealth building among City residents; and

**WHEREAS**, homeownership is the primary way that low and moderate-income families in the United States can build wealth and achieve financial stability; and

**WHEREAS**, the City's inventory of properties is a key resource which can be leveraged to ensure development of quality affordable housing for current and future residents of the City; and

**WHEREAS**, the City, in recognition of the shortage of decent housing affordable to working families within the City, encourages the purchase of in rem City-owned properties located within the various Wards of the City for the redevelopment of new owner-occupied homes, pursuant to New Jersey Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq., as amended and supplemented (the "LRHL" or "Act"); and

**WHEREAS**, many of these in rem City-owned parcels of land are suitable for the redevelopment of new owner-occupied housing that are affordable to working City resident families and it is in the best interest for the City to assist as much as possible in making this happen; and

**WHEREAS**, the City, in addition to providing the City's residents with in rem City-owned parcels of land, also wish to provide prospective purchasers with quality homebuyer counseling,

including the necessary skills to redevelop property, which the City believes is necessary to the successful homeownership process and the success of this program as it creates a well-informed owner with a clearer understanding of how to successfully redevelop their properties and a clearer understanding of homeownership, including but not limited to the borrowing process, their housing needs and their household budget, which will allow them to confidently and successfully move through the home-buying and development and rehabilitation process; and

**WHEREAS**, the LRHL authorizes municipalities to participate in the redevelopment and improvement of areas that are in need of redevelopment or rehabilitation; and

**WHEREAS**, in order to stimulate the reinvigoration of the City, by Resolution 7RDO (AS), adopted on June 15, 2005, the entire City of Newark was designated as an area in need of rehabilitation, pursuant to the Act; and

**WHEREAS**, the Municipal Council then approved the following redevelopment plans, as amended, for the five (5) Wards within the City (collectively, the "Redevelopment Plans"):

- Ordinance 6PhS&Fa(S) adopted on August 17, 2005 Third Amendment to the North Ward Redevelopment Plan; and
- Ordinance 6PhS&Fe adopted on September 21, 2005 First Amendment to the East Ward Redevelopment Plan; and
- Ordinance 6PhS&Fc(S) adopted on August 17, 2005 Second Amendment to the West Ward Redevelopment Plan; and
- Ordinance 6S&Fd(S) adopted on August 17, 2005 Third Amendment to the South Ward Redevelopment Plan; and
- Ordinance 6PhS&Fe(S) adopted on August 17, 2015 First Amendment to the Central Ward Redevelopment Plan.

**WHEREAS**, the City intends to identify certain in rem City-owned parcels that: (i) are no longer needed for public use; and (ii) the redevelopment thereof in accordance with the applicable provisions of the respective Redevelopment Plan will contribute to the rehabilitation and reinvigoration of the City and to the social and economic improvement of the City in accordance with the legislative intent, goals and objectives of the LRHL; and

**WHEREAS**, the LRHL authorizes municipalities to convey real property for purposes of implementing projects consistent with approved redevelopment plans without public bidding and at such prices and upon such terms as it deems reasonable pursuant to N.J.S.A. 40A:12A-8(g); and

**WHEREAS**, notwithstanding any City law to the contrary including, but not limited to, the City's Code § 2:10-1.1(d), and pursuant to the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq., as amended and supplemented, and N.J.S.A. 40A:12A-8(g) the minimum purchase price of

property under this Ordinance shall be at such prices and upon such terms as the City deems reasonable; and

**WHEREAS**, the City has a significant public policy and economic interest in enacting an Ordinance establishing a Homeownership Revitalization Program as this Program will help provide Newark residents with affordable housing and the proper quality homebuyer and redevelopment counseling in order to succeed with the redevelopment and homeownership process.

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

**SECTION 1.** The above recitals are expressly adopted herein as the legislative findings of the Municipal Council and incorporated herein and made a part of this Ordinance.

**SECTION 2.** Title II, Administration, Chapter 10, Department of Housing and Economic Development, of the Revised General Ordinances, of the City of Newark, New Jersey, 2000, as amended and supplemented, be further amended and supplemented, by creating and establishing a new subsection Section 9, entitled "Homeownership Revitalization Program," which shall read in its entirety as follows:

**§ 2:10-9 HOMEOWNERSHIP REVITALIZATION PROGRAM**

**There is hereby established a Homeownership Revitalization Program ("Program") under this Section. Subject to the terms of this Ordinance, the Program under this Section shall be administered by the Deputy Mayor/Director of the Department of Economic and Housing Development and/or her designee or an administrative agent that is contracted by the City (the "Program Administrator"), under such additional rules, regulations and procedures as may be adopted by the Program Administrator ("Rules and Regulations"). All such Rules and Regulations adopted by the Program Administrator shall be kept on file with the City Clerk and made available by the Department of Economic and Housing Development.**

**The Program shall be designed and implemented in order to promote the sale and redevelopment of in rem City-owned property requiring construction of a one (1), two (2) three (3) or four (4) unit owner-occupied residential structure, subject to the applicable Redevelopment Plan, the terms and conditions of a Redevelopment Agreement, and all applicable laws, rules and regulations, including the Newark Zoning and Land Use Ordinance and the New Jersey Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq., as amended and supplemented (the "LRHL" or "Act").**

- A. The Program Administrator shall have the responsibility for monitoring the properties to ensure compliance with the program.**
- B. Without limiting the generality of the foregoing, the Municipal Council may adapt the Program for use in connection with the City of Newark Land Bank so long as long the City follows all of the requirements set forth in the City's Municipal Code 18:15-1, et seq., establishing the City of Newark Land Bank and complies with the intent and**

purpose of this Program.

**§ 2:10-9.1 APPLICATION**

- A. The Program Administrator is authorized to prepare Program applications ("Applications") designed to provide all the necessary information needed by the City to fairly and completely evaluate development proposals for participation in the Program. The Program Administrator shall approve all Applications, and every development proposal is subject to City Council approval pursuant to the process set forth in Section 2:10-9.3(A). Applicants approved by City Council for participation in the Program are hereafter referred to as "Developer(s)." Development proposals approved by City Council are hereafter referred to as "Project(s)."
- B. Any Newark Resident, which is an individual who has resided in the City for a period of five (5) continuous years prior to the enactment of this ordinance or has resided in the City for a minimum of five (5) continuous years before having to move out due to a gentrification and/or displacement may submit an application to the Program Administrator to be evaluated and considered for participation in this program.
- C. The applicant shall work with the Program Administrator to submit their application to the City of Newark. The application shall, among other things, include cost estimates for the redevelopment of the in rem City-owned property, which shall include the work required to bring the property into conformance with all applicable state and local codes.
- D. The applicant, with the assistance of the Program Administrator, shall submit proof of acquisition financing and shall demonstrate the financial means to redevelop the property. Proof of financial capability shall include, but not be limited to, the purchaser's own personal finances, a bank loan, and a commitment from lender to finance construction sufficient to bring the property up to City code standards.
1. Source of Redevelopment Funds: Applicant must submit proof of acquisition funding including but not limited to the following: personal funds, bank and/or mortgage company loan(s), State or other financial sources that cover the cost for redevelopment. Basic eligibility is determined by gross annual household income to participate in the Homeownership Revitalization Program. Such income includes, but is not limited to, salary, wages, alimony, social security benefits, pension, business income and actual or imputed earning assets which include bank accounts, stocks, bonds or other securities.
  2. Source of Financing Acquisition of Property: Must demonstrate ability to acquire

property through savings accounts or other liquid assets.

**§ 2:10-9.2 SELECTION CRITERIA**

- A. The selection criteria for participation in the program shall be established by the Program Administrator in the Rules and Regulations.
- B. Notwithstanding the above, the selection shall be on a first come first-serve basis and the City will not take any more than twelve (12) applications per property. No individual (s), either independently or with another individual, shall be permitted to submit more than one (1) application at a time for each property that is being sold. No one individual, whether independently or with another, shall be permitted to purchase more than one property under this program.

**§ 2:10-9.3 REQUIREMENTS FOR TRANSFER OF PROPERTIES**

- A. Transfers of In Rem City-Owned Properties Required by Ordinance. All conveyances of in rem City-owned properties shall be accomplished through an Ordinance, adopted by the Newark Municipal Council, authorizing the sale and redevelopment of the property to the Developer(s), and further authorizing the Mayor and/or the Deputy Mayor/Director of the Department of Economic and Housing Development to enter into and execute and record with the County Registrar's Office the City's form of redevelopment agreement and form of Quitclaim Deed, which must contain a deed restriction that clearly states that the purchaser or any subsequent purchaser shall take the property subject to all of the terms of the redevelopment agreement and that the property being sold shall be subject to the City's right of reverter for any failure to comply with said terms and conditions of the redevelopment agreement.

The Newark Municipal Council may authorize one Ordinance to transfer multiple properties to multiple Developers. If the City chooses to transfer the properties in this manner, the Ordinance shall authorize the Mayor and/or the Deputy Mayor/Director of the Department of Economic and Housing Development to enter into and execute the City's form of redevelopment agreement, which shall include an exhibit that sets forth the address of the properties, the Blocks and Lots, the names of the Developer(s) that are purchasing the properties, and sales price pursuant to N.J.S.A. 40A:12A-8(g) and further authorizes the Mayor and/or the Deputy Mayor/Director of the Department of Economic and Housing Development to enter into and execute the City's form of Quitclaim Deed for each of the properties set forth in the exhibit to the redevelopment agreement.

- B. Redevelopment Agreements. All prospective buyers of in rem City-owned properties under this program must enter into redevelopment agreements with the City to purchase properties under this program. The redevelopment agreements shall, among

other things, include the following:

1. All prospective buyers of in rem City-owned properties under this program must be Newark residents and must commit to reside in the properties for a minimum of ten (10) years.
2. Notwithstanding any City law to the contrary including, but not limited to the City's Code § 2:10-1.1(d), and pursuant to the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq., as amended and supplemented, and N.J.S.A. 40A:12A-8(g) the minimum purchase price of property under this Ordinance shall be at such prices and upon such terms as the City deems reasonable.
3. The transfer of in rem City-owned property to the prospective purchasers shall be by private sale, through a Quitclaim deed, for the purpose of redevelopment requiring construction of a one (1), two (2) three (3) or four (4) unit owner-occupied residential structure, with or without additional retail use, subject to the applicable Redevelopment Plan, the terms and conditions of the Redevelopment Agreement, and all applicable laws, rules and regulations, including the Newark Zoning and Land Use Ordinance.
4. All redevelopment of in rem City-owned properties must commence within three (3) months after acquiring title and all work must be completed within twelve (12) months thereafter. One six (6) month extension may be granted at the conclusion of the 12-month period at the discretion of the Deputy Mayor/Director of the Department of Economic and Housing Development.
5. The Conveyance of each property to prospective purchasers shall be through a Quitclaim Deed which shall contain: resale and/or use restrictions for a minimum period of ten (10) years from the date of issuance of the Certificate of Occupancy for each respective Project; and a Right of Reverter whereby the City may elect to seek reverter of title to the Lot(s) back to the City in the event that the respective Redevelopers fail to comply with the material terms and conditions of the Redevelopment Agreement, unless the Deputy Mayor/Director of the Department of Economic and Housing Development consents otherwise in writing.
6. In the event a Developer's construction of a Project falls short of Developer's completion obligations under the Redevelopment Agreement, the Department of Economic and Housing Development, in its sole and absolute discretion, may release all City Lot(s) not yet conveyed to the Developer from the Redevelopment Agreement so that such City Lot(s) may be made available to the City for

**alternative redevelopment plans, unless the Deputy Mayor/Director of the Department of Economic and Housing Development consents otherwise in writing.**

7. **Such other provisions that the City deems appropriate.**

### **§ 2:10-9.4 SUNSET PROVISION**

**No in-rem City-owned properties shall be sold under this Section more than two years following the date of final adoption of this Ordinance.**

**SECTION 3.** Any prior ordinances or parts thereof inconsistent herewith shall be amended and supplemented to conform to the provisions contained herein.

**SECTION 4.** If any part of this Ordinance is declared unconstitutional or illegal, the remaining provisions shall not be affected and shall continue in full force and effect.

**SECTION 5.** This Ordinance shall take effect upon final passage and publication in accordance with the laws of the State of New Jersey.

### **STATEMENT**

This Ordinance amends and supplements Title II, Chapter 10, Department of Economic and Housing Development, of the Revised General Ordinances, of the City of Newark, New Jersey, 2000, by adding Section 2:10-9, which creates and establishes the Homeownership Revitalization Program and rules for qualifying residents to purchase and develop in rem City-owned properties under said Program.