



## Legislation Text

File #: 24-0742, 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 of Newark's Reverter Rights by entering into a First Amendment to the Agreement for the Sale and Redevelopment of Land and a Subordination Agreement in order to permit the Redeveloper to obtain financing necessary for the redevelopment of affordable rental or for-sale housing.

**Entity Name:** 2-24 Mt Pleasant URE, LLC

**Entity Address:** 411 Boulevard of the Americas, Suite 211, Lakewood, New Jersey 08701

**Sale Amount:** \$0.00

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

**Assessed Amount:** \$0.00

**Appraised Amount:** \$0.00

**Contract Period:** Not Applicable

**Contract Basis:** ( ) Bid ( ) State Vendor ( ) Prof. Ser. ( ) EUS

( ) Fair & Open ( ) No Reportable Contributions ( ) RFP ( ) RFQ

( ) Private Sale ( ) Grant ( ) Sub-recipient (X) n/a

**List of Property:**

**(Address/Block/Lot/Ward)**

2-24 Mount Pleasant Avenue/Block 571.01/Lot 1/North Ward

**Additional Information:**

Resolution 7R2-c adopted on January 21, 2021, designated Newark Interfaith, LLC, as the redeveloper and authorized an Agreement for the Sale and Redevelopment of Land.

**WHEREAS**, pursuant to Resolution 7R2-c adopted on January 21, 2021, the Newark Municipal Council (the "Municipal Council") authorized the Mayor and the Deputy Mayor/Director of the Department of Economic and Housing Development to enter into and execute an Agreement for the Sale and Redevelopment of Land ("Agreement") with Newark Interfaith, LLC, One Gateway Center, Suite 2600, Newark, New Jersey 07102 (the "Redeveloper") for the sale of City-owned real property located at 2-24 Mount Pleasant Avenue, Newark, New Jersey, and identified on the official tax map of the City of Newark as Block 571.01; Lot 1 (the "Property"), for a purchase price of Three Hundred Thirty-Eight Thousand Five Hundred Thirty-Two Dollars and Zero Cents (\$338,532.00), for the construction of a five (5) story multi-family structure with parking ("Project"); and

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

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

**WHEREAS**, the Redeveloper has represented that it has secured a construction loan from

Popular Bank, a New York state chartered commercial bank having an address at 85 Broad Street, 10<sup>th</sup> Floor, New York, New York 10004 (the "Lender") in the amount of Twenty-One Million Six Hundred Thousand Dollars and Zero Cents (\$21,600,000.00) ("loan") to develop the Project on the Property, which loan will be evidenced by a Promissory Note and will be secured by a mortgage on the Property; and

**WHEREAS**, the Redeveloper has advised the City that as a condition of the above loan, the Lender has requested that the City subordinate its Reverter Right and notice provisions within the Agreement and the Deeds, to the Mortgage; and

**WHEREAS**, as a result of the loan, the Redeveloper requests to further amend the Agreement to change its name in the Agreement to appear as 2-24 Mt. Pleasant URE LLC, 411 Boulevard of the America, Suite 211, Lakewood, New Jersey 08701 ("Revised Redeveloper"), which is owned solely by Redeveloper; 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 May 9, 2024 and May 16, 2024, 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 Subordination Agreement and by entering into a First Amendment Agreement to Agreement for the Sale and Redevelopment of Land for purposes of the Subordination and to amend the name of the Redeveloper, 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 recitals set forth in this Resolution are hereby incorporated as if fully stated herein.
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 Subordination Agreement

with Popular Bank, a New York state chartered commercial bank having an address at 85 Broad Street, 10<sup>th</sup> Floor, New York, New York 10004 (the "Lender") and 2-24 Mt Pleasant URE LLC, 411 Boulevard of the Americas, Suite 211, Lakewood, New Jersey 08701 ("Revised Redeveloper") in the form attached hereto or such other forms reasonably acceptable to the parties, related to the property located at 2-24 Mount Pleasant Avenue, Newark, New Jersey, as shown on the official tax map of the City Block 571.01; Lot 1 (the "Property"), which is located in the North Ward, and were sold to Newark Interfaith, LLC ("Original Redeveloper") pursuant to Resolution 7R2-c adopted January 21, 2021, for the construction of a new five-story building at the Property with four stories of affordable and market-rate residential units over ground-level parking on the Property ("Project").

3. 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 Amendment Agreement to Agreement for the Sale and Redevelopment of Land with Revised Redeveloper, in the form attached hereto, related to the Property for the Project, for purposes of the subordination, notice provisions and to amend the Redeveloper from the name of the Original Redeveloper to the Revised Redeveloper, which is owned solely by the Original Redeveloper.
4. Due notice has been provided in accordance with N.J.S.A. 40:60-51.2, of the subordination of the Lender's mortgage and the City's reverter rights.
5. All other terms and conditions of the Agreement for the Sale of Land and Redevelopment authorized by and entered into pursuant to Resolution 7R2-c adopted on January 21, 2021, shall remain in full force and effect.
6. 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 Amendment Agreement to Agreement for the Sale and Redevelopment of Land with the Office of City Clerk.

### **STATEMENT**

This Resolution authorizes the Mayor and/or designee, the Deputy Mayor/Director of the Department of Economic and Housing Development to enter into and execute a Subordination Agreement with 2-24 Mt. Pleasant URE LLC, 411 Boulevard of the Americas, Suite 211, Lakewood, New Jersey 08701 ("Revised Redeveloper") and Popular Bank, a New York state chartered commercial bank having an address at 85 Broad Street, 10th Floor, New York, New York 10004 (the "Lender") and a First Amendment Agreement to Agreement for the Sale and Redevelopment of Land with Revised Redeveloper, to enable the Revised Redeveloper to obtain financing necessary for the construction of a new five-story building at the Property with four stories of affordable and market-rate residential units over ground-level parking located at 2-24 Mount Pleasant Avenue, Newark, New Jersey, as shown on the official tax map of the City as Block 571.01; Lot 1 (the "Property"), which is located in the North Ward and was sold pursuant to Resolution 7R2-c adopted on January 21, 2021.