



Legislation Text

File #: 12-1341, Version: 1

Dept/ Agency: Economic & Housing Development

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

Type of Service: Allocation of proceeds from Motor Vehicle Rental Tax Fund

Purpose: Use of tax proceeds collected from the Motor Vehicle Rental Tax imposed by the City of Newark to fund: (1) the City of Newark's redevelopment related activities relating to the acquisition of abandoned properties as authorized by the Abandoned Properties Rehabilitation Act (APRA); and (2) redevelopment activities in connection with the City's Clean and Green Program to rehabilitate vacant lots; and (3) redevelopment activities undertaken by Brick City Development Corporation.

Entity Name: *City of Newark Finance Department*/Motor Vehicle Rental Tax

Entity Address: (n/a)

Allocation Amount: (1) Abandoned Property Initiative \$4,000,000; and (2) Clean and Green Program \$4,000,000; and (3) BCDC Funding \$4,000,000.

Funding Source: Motor Vehicle Rental Tax

Contract Period:

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

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

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

Additional Information:

Resolution # 7RDO(AS) 061505, designated City of Newark an "Area in Need of Rehabilitation".

Resolution# 7RE(S-2) 060107, authorized a Funding Agreement with Brick City Development Corporation.

Ordinance# 6PSF-I 050510, authorized a Motor Vehicle Rental Tax

Ordinance# 6PSF-D 122111, authorized the City's Acquisition of Abandoned Property.

Invitation: Director of Economic & Housing Development and Corporation Counsel, July 31, 2012

WHEREAS, N.J.S.A. 40:48H-1 et seq. (the "Municipal Motor Vehicle Rental Tax Law") authorizes qualifying municipalities to impose, by ordinance, a tax upon motor vehicle rental transactions occurring within designated industrial zones of the municipality and to utilize the tax proceeds collected thereunder for specified eligible purposes; and

WHEREAS, the City of Newark is one of the municipalities, which qualifies under the Municipal Motor Vehicle Rental Tax Law to impose, by ordinance, a tax upon motor vehicle rental transactions occurring within designated industrial zones; and

WHEREAS, as authorized by the Municipal Motor Vehicle Rental Tax Law, the Municipal Council of the City of Newark adopted Ordinance 6PSF-I on May 5, 2010 (the "Motor Vehicle Rental Tax Ordinance") imposing a tax upon motor vehicle rental transactions occurring within the Second and Third Industrial Districts of the City; and

WHEREAS, both the Municipal Motor Vehicle Rental Tax Law and the Motor Vehicle Rental Tax Ordinance authorize the use of the tax proceeds collected thereunder for specified eligible purposes, including, but not limited to the payment or reimbursement of costs of any redevelopment project or other undertaking in furtherance of a redevelopment plan in any area in need of redevelopment or area in need of rehabilitation within the municipality; and

WHEREAS, the entire City of Newark has been designated as an area in need of rehabilitation under the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq. (the “LRHL”); and

WHEREAS, the existence of privately-owned abandoned properties within urban areas creates public health problems, diminishes the quality of life for residents and adjoining businesses, and inhibits the urban revitalization of cities; and

WHEREAS, the City intends to prepare and adopt a redevelopment plan governing the acquisition, re-sale, and rehabilitation of privately-owned abandoned properties in order to assist with the overall rehabilitation of the City under the LRHL; and

WHEREAS, the adoption of this redevelopment plan will further the goals of the abandoned properties program which the City has implemented pursuant to the Abandoned Properties Rehabilitation Act, N.J.S.A. 55:19-78 et seq. (the “APRA”); and

WHEREAS, pursuant to this abandoned properties program, the Director of the Department of Economic and Housing Development (the “Director”), in his capacity as the designated public officer under the APRA, has identified and placed qualifying privately-owned abandoned properties on the City’s abandoned properties list; and

WHEREAS, as authorized under the APRA, the Municipal Council previously adopted Ordinance 6PSF-D on December 21, 2011 authorizing the acquisition of two hundred fifty-three (253) abandoned properties by negotiated purchase or eminent domain for a total aggregate amount not to exceed five million dollars (\$5,000,000.00); and

WHEREAS, a partial certification of funds in the amount of one million dollars (\$1,000,000.00) was attached to Ordinance 6PSF-D 122111; and

WHEREAS, the Motor Vehicle Rental Tax Ordinance provides that tax proceeds may be disbursed from the City’s rental tax account for the payment of costs of eligible purposes by resolution of the Municipal Council; and

WHEREAS, the Municipal Council wishes to authorize the use of up to four million dollars (\$4,000,000.00) of the tax proceeds collected pursuant to the Motor Vehicle Rental Tax Ordinance for the purpose of funding the redevelopment-related activities of the acquisition, re-sale, and rehabilitation of the abandoned properties identified within Ordinance 6PSF-D 122111, provided that a certification of funds will not be issued for the use of the tax proceeds for this purpose until a redevelopment plan is adopted governing the acquisition, re-sale, and rehabilitation of privately-owned abandoned properties within the City; and

WHEREAS, funding the acquisition, re-sale, and rehabilitation of the abandoned properties with the tax proceeds collected from the Motor Vehicle Rental Tax Ordinance identified within

Ordinance 6PSF-D 122111 is an eligible purpose pursuant to the Municipal Motor Vehicle Rental Tax Law and the Motor Vehicle Rental Tax Ordinance; and

WHEREAS, the City owns many properties which it has acquired through tax sale or by other means that are in need of clearance or removal of buildings from land, demolition, or other site preparation activities in order to prepare them for future redevelopment; and

WHEREAS, the City currently operates a Clean and Green Program under which City-owned properties are cleared and other site preparation activities are performed so that the properties are suitable for future use and, at times, such properties are developed into temporary and/or permanent pocket parks; and

WHEREAS, the City intends to prepare and adopt a redevelopment plan governing the rehabilitation of City-owned properties under the City's Clean and Green Program; and

WHEREAS, the Municipal Council wishes to authorize the use of up to four million dollars (\$4,000,000.00) of the tax proceeds collected pursuant to the Motor Vehicle Rental Tax Ordinance for the purpose of funding such redevelopment-related activities performed under the City's Clean and Green Program which are determined to be eligible for such funding pursuant to the Municipal Motor Vehicle Rental Tax Law and Motor Vehicle Rental Tax Ordinance; and

WHEREAS, on June 1, 2007, the Municipal Council adopted Resolution 7RE(S-2) authorizing the engagement of Brick City Development Corporation ("BCDC") to provide economic development and redevelopment related services to the City for the period commencing on September 1, 2009 and terminating on August 31, 2014 and authorizing the execution of a Funding Agreement between the City of Newark and BCDC delineating the services to be provided by BCDC and the funding that the City would provide BCDC for the provision of services; and

WHEREAS, a partial certification of funds in the amount of two million dollars (\$2,000,000.00) was attached to Resolution 7RE(S-2)060107; and

WHEREAS, the Municipal Council wishes to authorize the use of up to four million dollars (\$4,000,000.00) of the tax proceeds collected pursuant to the Motor Vehicle Rental Tax Ordinance for the purpose of funding such redevelopment-related activities performed by BCDC pursuant to the Funding Agreement, which are determined to be eligible for such funding pursuant to the Municipal Motor Vehicle Rental Tax Law and the Motor Vehicle Rental Tax Ordinance; and

WHEREAS, there are sufficient tax proceeds currently available within the rental tax account maintained by the City's Finance Director pursuant to the Municipal Motor Vehicle Rental Tax Law and the Motor Vehicle Rental Tax Ordinance to fund the purposes set forth herein.

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

1. The Municipal Council of the City of Newark hereby authorizes the use of up to four million dollars (\$4,000,000.00) of the tax proceeds collected pursuant to the Motor Vehicle Rental Tax Ordinance for the purpose of funding the acquisition of the abandoned properties identified within Ordinance 6PSF-D 122111, which are determined to be eligible for such funding, provided that a

certification of funds will not be issued for the use of the tax proceeds for this purpose until a redevelopment plan is adopted governing the acquisition, re-sale, and rehabilitation of privately-owned abandoned properties within the City.

2. The Municipal Council of the City of Newark hereby authorizes the use of up to four million dollars (\$4,000,000.00) of the tax proceeds collected pursuant to the Motor Vehicle Rental Tax Ordinance for the purpose of funding such redevelopment-related activities performed under the City's Clean and Green Program, which are determined to be eligible for such funding, provided that a certification of funds will not be issued for the use of the tax proceeds for this purpose until a redevelopment plan is adopted governing the rehabilitation of City-owned properties under the City's Clean and Green Program.

3. The Municipal Council of the City of Newark hereby authorizes the use of up to four million dollars (\$4,000,000.00) of the tax proceeds collected pursuant to the Motor Vehicle Rental Tax Ordinance for the purpose of funding such redevelopment-related activities performed by BCDC pursuant to the Funding Agreement, which are determined to be eligible for such funding, provided that BCDC uses the funds only on projects that are eligible for such funding pursuant to the Municipal Motor Vehicle Rental Tax Law and the Motor Vehicle Rental Tax Ordinance and are also covered by an approved redevelopment plan.

4. Any of the uses or purposes enumerated herein are subject to the approval of the Business Administrator and shall require that a fully executed Certification of Funds is obtained by the Director of the Department of Economic and Housing Development, and the Director of the Department of Economic and Housing Development shall file such Certification of Funds with the Office of the City Clerk along with documentation showing the projects or undertakings for which the funding has been certified prior to the undertaking of such projects.

STATEMENT

This resolution authorizes the use of the tax proceeds collected pursuant to the to the Motor Vehicle Rental Tax Ordinance for the following purposes: (i) up to four million dollars (\$4,000,000.00) for the purpose of funding the acquisition of the abandoned properties identified within Ordinance 6PSF-D 122111, provided that a certification of funds will not be issued for the use of the tax proceeds for this purpose until a redevelopment plan is adopted governing the acquisition, re-sale, and rehabilitation of privately-owned abandoned properties within the City; (ii) up to four million dollars (\$4,000,000.00) for the purpose of funding such redevelopment-related activities performed under the City's Clean and Green Program, which are determined to be eligible for such funding, provided that certification of funds will not be issued for the use of the tax proceeds for this purpose until a redevelopment plan is adopted governing the rehabilitation of City-owned properties under the City's Clean and Green Program; and (iii) up to four million dollars (\$4,000,000.00) for the purpose of funding such redevelopment-related activities performed by Brick City Development Corporation pursuant to its Funding Agreement with the City of Newark, which are determined to be eligible for such funding, provided that BCDC uses the funds only on projects that are eligible for such funding pursuant to the Municipal Motor Vehicle Rental Tax Law and Ordinance 6PSF-I 050510 (the "Motor Vehicle Rental Tax Ordinance") and are also covered by an approved redevelopment plan.