



## Legislation Text

File #: 20-1479, Version: 1

**AN ORDINANCE GRANTING A THIRTY (30) YEAR TAX ABATEMENT TO BROADWAY MANOR URBAN RENEWAL, LLC, 200 VESEY STREET, 24TH FLOOR, NEW YORK, NEW YORK, 10281 FOR A PROJECT TO ACQUIRE AND REHABILITATE AN AFFORDABLE HOUSING PROJECT CONTAINING EIGHTY-FIVE (85) LOW-INCOME FAMILY HOUSING UNITS AND ONE (1) SUPERINTENDENT'S UNIT, ON REAL PROPERTY LOCATED AT 774-782 BROADWAY, 766-772 BROADWAY, AND 762-764 BROADWAY, NEWARK, NEW JERSEY 07104 AND IDENTIFIED ON THE OFFICIAL TAX MAP OF THE CITY OF NEWARK AS BLOCK 773, LOTS 22, 25 AND 30. (NORTH WARD)**

**Deferred 6PSF-c 010621**

**WHEREAS**, the Broadway Manor Urban Renewal, LLC, 200 Vesey Street, 24<sup>th</sup> Floor, New York, New York 10281 (the "Entity"), filed an application with the Mayor, seeking a long term tax abatement under the Long Term Tax Exemption Law, N.J.S.A. 40A:20-1 et seq., for a thirty (30) year term for an affordable housing project containing eighty-five (85) low-income family housing units and one (1) superintendent's unit located at 774-782 Broadway, 766-772 Broadway, and 762-764 Broadway, Newark, New Jersey and identified on the City of Newark's official tax map as Block 773, Lots 22, 25, and 30 (the "Project"); and

**WHEREAS**, the Mayor has submitted the application and proposed Financial Agreement to the Newark Municipal Council with his recommendation thereof, a copy of which is annexed hereto; and

**WHEREAS**, in accordance with Ordinance 6PSF-a adopted on May 4, 2011, the entity has filed with the City of Newark a sworn statement that it has not made any contribution in violation of said Ordinance; and

**WHEREAS**, the Newark Municipal Council has determined, pursuant to N.J.S.A. 40A:20-1, that the relative benefits of this Project outweigh any costs associated with this tax abatement 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 Broadway Manor Urban Renewal, LLC, 200 Vesey Street, 24<sup>th</sup> Floor, New York, New York, 10281 (the "Entity"), for the development, maintenance, and operation of the Project described in the application is hereby approved in accordance with the recommendation of the Mayor for a project to acquire and rehabilitate an affordable housing project containing eighty-five (85) low-income family housing units and one (1) superintendent's unit, located at 774-782 Broadway, 766-772 Broadway, and 762-764 Broadway, Newark, New Jersey and identified

on the City of Newark's official tax map as Block 773, Lots 22, 25, and 30 (the "Project").

2. The abatement from taxation on improvements is hereby granted to the Entity for a period of thirty (30) years from the date of substantial completion of the Project pursuant to N.J.S.A. 40A:20-12, and only so long as the Entity is subject to and complies with the proposed Financial Agreement and the Long Term Tax Exemption Law, as amended and supplemented, and upon further condition that the Entity does not file a petition of tax appeal for the premises on which the Project is to be located.
3. The Mayor of the City of Newark is hereby authorized to enter into and execute, on the City's behalf, the Financial Agreement in the form attached hereto.
4. The Deputy Mayor/Director of the Department of Economic and Housing Development shall file an executed copy of the Financial Agreement authorized by this Ordinance in the Office of the City Clerk.
5. The Project, when completed, shall conform with all State laws and ordinances of the City of Newark relating to its construction and use.
6. The Affirmative Action Program now on file in the Office of the City Clerk is declared to be a material condition of the Financial Agreement authorized by this Ordinance.
7. The Entity 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.
8. The Entity 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.
9. The Annual Service Charge for years one (1) through fifteen (15) shall be equal to the greater of (i) 7.5% of Annual Gross Revenue from the affordable housing units plus 15% of all other income derived from the Project, including but not limited to parking, laundry room, vending machines, and the like, or (ii) the Minimum Annual Service Charge.

The Annual Service Charge for years sixteen (16) through twenty (20) shall be equal to the

greater of (i) 7.5% of Annual Gross Revenue from the affordable housing units plus 15% of all other income derived from the Project, including but not limited to parking, laundry room, vending machines, and the like, (ii) the Minimum Annual Service Charge, or (iii) 20% of the amount of the taxes otherwise due on the value of the Land and Improvements.

The Annual Service Charge for years twenty one (21) through twenty five (25) shall be equal to the greater of (i) 7.5% of Annual Gross Revenue from the affordable housing units plus 15% of all other income derived from the Project, including but not limited parking, laundry room, vending machines, and the like, (ii) the Minimum Annual Service Charge, or (iii) 40% of the amount of the taxes otherwise due on the value of the Land and Improvements.

The Annual Service Charge for years twenty six (26) through twenty nine (29) shall be equal to the greater of (i) 7.5% of Annual Gross Revenue from the affordable housing units plus 15% of all other income derived from the Project, including but not limited to parking, laundry room, vending machines, and the like, (ii) the Minimum Annual Service Charge, or (iii) 60% of the amount of the taxes otherwise due on the value of the Land and Improvements.

The Annual Service Charge for years thirty (3) through the terms of the Financial Agreement shall be equal to the greater of (i) 7.5% of Annual Gross Revenue from the affordable housing units plus 15% of all other income derived from the Project, including but not limited to parking, laundry room, vending machines, and the like, (ii) the Minimum Annual Service Charge, or (iii) 80% of the amount of the taxes otherwise due on the value of the Land and Improvements.

10. The Entity shall pay the Minimum Annual Service Charge, as calculated pursuant to N.J.S.A. 40A:20-12(b)(2)(e) 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.
11. The following occurrences and requirements are express conditions of the granting of this tax abatement, to be performed by the Entity and the failure to comply with these requirements will result in the cancellation of the tax abatement:
  - (a) The Entity 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; and
  - (b) The Entity, pursuant to the Revised City Ordinance 10:24-1 et seq., as amended, shall be deemed to agree that it will in good faith assist the City of Newark in its goal of having

50% 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 25% of such all new employees shall be minority residents; and

- (c) The Entity shall concomitantly, with the submission of the annual report required of it by N.J.S.A. 40A:20-9(d), attach an employment report under oath, with particulars, stating the manner and the extent to which it has complied with 11(b) above. This employment report shall be filed with the Director of Finance, the City Clerk, and the Deputy Mayor/Director of the Department of Economic and Housing Development; and
- (d) The Entity shall pay all outstanding taxes and all outstanding water and sewer charges within thirty (30) days of the adoption of this ordinance; and
- (e) The Entity shall submit to the City a copy of its formation documents, as approved by the Department of Community Affairs, and as filed with the Secretary of State; and
- (f) The Entity shall receive a favorable review and certification from the appropriate municipal departments and agencies, pursuant to City Ordinance 6S&Fd, adopted October 21, 1992, as amended; and
- (g) The Entity shall pay full taxes on the land and improvements of the Project until the Annual Service Charge becomes effective; and
- (h) The Entity shall complete the Project within twenty four (24) months of the adoption of this Ordinance; 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, 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; and
- (i) The Entity shall secure all financing prior to the commencement of any construction.

12. In any year that the Entity 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

the Entity ineligible for any land tax credits against the Annual Service Charge.

13. The long term tax exemption described herein is contingent on the Entity becoming the fee title owner of the Property.
14. The Entity 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 the Entity to the City of Newark shall be determined pursuant to the Financial Agreement to be executed between the Entity and the City of Newark.
15. The Entity agrees that it shall pay to the City of Newark a fee of two percent (2%) of the Annual Service Charge as an administrative fee to be paid annually for the term of this Agreement.
16. To the extent of any inconsistency with any prior City ordinance and/or Municipal Code provision governing the granting of long term tax exemptions, including, *inter alia*, procedures for application, review and approval, required terms of the Financial Agreement, required conditions and covenants, limits on duration, means of enforcement, and all other matters whatsoever, such prior City ordinances and/or Municipal Code provisions are hereby waived, but only with respect to this Ordinance.
17. Within ten (10) calendar days following the later of the effective date of this Ordinance or the execution of the Financial Agreement by the Entity, the City Clerk's Office shall transmit a certified copy of this Ordinance approving the tax abatement and Financial Agreement to the Chief Financial Officer of the County and to the County Counsel for informational purposes.
18. This Ordinance shall take effect upon final passage and publication in accordance with the laws of the State of New Jersey.

### **STATEMENT**

This Ordinance grants a long term tax abatement to Broadway Manor Urban Renewal, LLC, 200 Vesey Street, 24<sup>th</sup> Floor, New York, New York, 10281 (the "Entity"), for a thirty (30) year term for a project to acquire and rehabilitate an affordable housing project containing eighty-five (85) low-income family housing units and one (1) superintendent's unit, located at 774-782 Broadway, 766-772 Broadway, and 762-764 Broadway, Newark, New Jersey and identified on the City's tax map as Block 773, Lots 22, 25 and 30 (North Ward).