



Legislation Text

File #: 16-1823, Version: 1

**Dept/ Agency:** Economic and Housing Development

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

**Type of Service:** Private Sale/Redevelopment

**Purpose:** Authorizing First Amendment to the Redevelopment Agreement with Morris Doremus Avenue Associates Urban Renewal, LLC, authorized by Resolution 7Rp adopted on May 3, 2006, to remediate and redevelop City-owned property.

**Entity Name:** Morris Doremus Avenue Associates Urban Renewal, LLC

**Entity Address:** 350 Veterans Boulevard, Rutherford, New Jersey 07070

**Sale Amount:** \$226,000.00

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

**Assessed Amount:** \$146,800.00

**Appraised Amount:** \$226,000.00

**Contract Period:** Construction to be commenced within two (2) months after construction permits are issued and to be completed within forty-eight (48) months from the Redeveloper’s acquisition of all property needed for the redevelopment.

**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)**

191-269 Doremus Avenue Rear/Block 5016/Lot 6/East Ward

173-189 Doremus Avenue/Block 5016.01/Lot 20/East Ward

**Additional Information:**

Total Square Footage: 18,009

Total Purchase Price (Appraised Value): \$226,000.00 (Approx. \$12.55 per sf)

Resolution 7RP, adopted on May 3, 2006, designated Morris Doremus Avenue Associates, LLC as the Redeveloper of the property.

**WHEREAS**, the purpose of this resolution is to approve the sale and redevelopment of the following City-owned property:

<u>ADDRESS</u>	<u>WARD</u>	<u>BLOCK</u>	<u>LOT</u>	<u>SQ. FEET</u>
191-269 Doremus Avenue Rear	East	5016	6	5,009
173-189 Doremus Avenue	East	5016.01	20	13,000

Total Square Footage: 18,009

Total Purchase Price (Appraised Value): \$226,000.00 (Approx. \$12.55/sf);  
(collectively, the “Property”)

Total Purchase Price: \$226,000.00, based upon Appraised Market Value; and

**WHEREAS**, the City of Newark (the “City”) has determined that the Property is no longer needed for any public use; and

**WHEREAS**, the Local Redevelopment and Housing Law, *N.J.S.A. 40A:12A-1, et seq.*, as amended and supplemented (the “Act”), authorizes municipalities to participate in the redevelopment and improvement of areas that are in need of redevelopment or rehabilitation; and

**WHEREAS**, by Resolution 7Rf adopted by the Municipal Council of the City of Newark (the “Municipal Council”) on November 6, 1963, an area in the East Ward of the City of Newark known as the Industrial River Urban Renewal Project Area, Project New Jersey R-121 (the “Area”), was determined to be a Blighted Area under Chapter 187 of the Laws of the State of New Jersey, 1949, the predecessor statute to the Local Redevelopment and Housing Law, *N.J.S.A. 40A:12A-1, et seq.* (the “LRHL”); and

**WHEREAS**, on June 18, 1964, the Municipal Council adopted Resolution 7RAa, entitled “Resolution of the Municipal Council of the City of Newark Approving the Urban Renewal Plan and the Feasibility of Relocation for New Jersey R-121 (Industrial River)”, as amended, which approved a redevelopment plan for the Area entitled the Industrial River Urban Renewal Plan (the “Redevelopment Plan”); and

**WHEREAS**, on December 5, 2005, the Municipal Council adopted Ordinance 6S&Fe approving the Fourteenth Amendment to the NJR-121 Newark Industrial River Urban Renewal Plan for the Redevelopment Area which revised the Plan to designate certain parcels that are within the Area and located on Doremus Avenue in the East Ward, also known as Block 5016, Lots 4, 5, 6 and 30 and Block 5016.01, Lots 10 and 20 on the Tax Maps of the City of Newark (the “Doremus Parcels”) as “to be acquired for clearance and redevelopment”; and

**WHEREAS**, by Resolution 7Rp adopted May 3, 2006, the Municipal Council authorized the execution of a Redevelopment Agreement (the “Agreement”) with Morris Doremus Avenue Associates, LLC (the “Redeveloper”) to undertake the building of an industrial warehouse on the Doremus Parcels, which, at the time of the execution of the Agreement, were all privately owned; and

**WHEREAS**, since the Effective Date of the Redevelopment Agreement, the City has acquired two (2) of the Parcels within the Project Area, as listed above, in tax foreclosure proceedings, and the City has determined to sell those parcels to the Redeveloper pursuant to the terms of the Agreement; and

**WHEREAS**, pursuant to *N.J.S.A. 40A:12A-8(g)*, in furtherance of the redevelopment of the Property, the City is permitted to convey it at such price and upon such terms as it deems reasonable; and

**WHEREAS**, pursuant to the above-mentioned statutory authority, the Department of Economic and Housing Development has recommended that the City sell the Property to Redeveloper which is willing to purchase the Property from the City, for the total amount of Two Hundred and Twenty-Six Thousand Dollars and Zero Cents (\$226,000.00) (the “Purchase Price”) for the purpose of redeveloping it in accordance with the Act, the Urban Renewal Redevelopment Plan, as amended,

and all applicable Federal, State and Local laws, rules and regulations; and

**WHEREAS**, the Purchase Price of \$7,000.00 for Block 5016, Lot 6, is based upon the Appraised Market Value of the property as set forth in the Appraisal Report dated September 18, 2016, which is attached to the First Amendment, as that term is defined herein; and

**WHEREAS**, the Purchase Price of \$219,000.00 for Block 5016.01, Lot 20, is based upon the Appraised Market Value of the property as set forth in the Appraisal Report dated September 18, 2016, which is attached to the First Amendment, for the total Purchase Price of \$226,000.00; and

**WHEREAS**, the total Purchase Price may be subject to certain maximum credits, to be approved by the Director of the Department of Economic and Housing Development, representing certain reasonable and necessary costs incurred or to be incurred by the Redeveloper in order to address certain development constraints upon the Property, including, but not limited to, existing structures which must be demolished and environmental contamination which requires remediation; and

**WHEREAS**, additionally, Morris Doremus Avenue Associates, LLC, the originally designated redeveloper, recently changed its name to Morris Doremus Avenue Associates Urban Renewal, LLC, which the name change did not result in a change of the majority ownership of Morris Doremus Avenue Associates, LLC and was effectuated for the purpose of creating an Urban Renewal Entity in furtherance of obtaining a Financial Agreement under the Long Term Tax Exemption Law, N.J.S.A. 40A:20-1, et seq.; and

**WHEREAS**, the City wishes to acknowledge the change of the name of the originally designated redeveloper to Morris Doremus Avenue Associates Urban Renewal, LLC and specifically designate Morris Doremus Avenue Associates Urban Renewal, LLC (the "Redeveloper") as the exclusive Redeveloper of the Project Area; and

**WHEREAS**, the City and the Redeveloper seek to amend the Agreement to: (1) authorize the execution of a First Amendment to the Redevelopment Agreement (the "First Amendment") as set forth herein to provide for the sale of the Property; (2) acknowledge the change of the name of the Redeveloper to Morris Doremus Avenue Associates Urban Renewal, LLC and specifically designate Morris Doremus Avenue Associates Urban Renewal, LLC as the exclusive Redeveloper of the Project Area; and (3) authorize the execution of the Right of Access Agreement, if necessary, permitting the Redeveloper to access the Property to undertake certain activities thereupon in substantially the form attached to the First Amendment.

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

1. The Mayor 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 Amendment to the Redevelopment Agreement in substantially the form attached hereto as Exhibit A, with Morris Avenue Associates Urban Renewal, LLC, having an address of 350 Veterans Boulevard, Rutherford, New Jersey 07070 for the private sale of the following Property, for the following Purchase Price, in accordance with the requirements of N.J.S.A. 40A:12A-8(g), the terms and conditions of the attached First Agreement and the Urban Renewal Redevelopment Plan, as amended:

<u>ADDRESS</u>	<u>WARD</u>	<u>BLOCK</u>	<u>LOT</u>	<u>SQ. FEET</u>
191-269 Doremus Avenue Rear	East	5016	6	5,009
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Total Square Footage: 18,009

Total Purchase Price (Appraised Value): \$226,000.00 (Approx. \$12.55/sf)

2. The change of the name of the original redeveloper, Morris Doremus Avenue Associates, LLC, to Morris Doremus Avenue Associates Urban Renewal, LLC is hereby acknowledged and Morris Doremus Avenue Associates Urban Renewal, LLC is hereby designated as the exclusive Redeveloper of the Project Area which is comprised of Block 5016, Lots 4, 5, 6 and 30 and Block 5016.01, Lots 10 and 20 on the Tax Map of the City of Newark as set forth in the Redevelopment Agreement dated May 3, 2006 by and between the City and Morris Doremus Avenue Associates, LLC.

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 and execute a First Amendment to the Redevelopment Agreement in substantially the form attached to the First Amendment in the event Redeveloper seeks access to the Property for any reason prior to Closing.

4. All other terms and conditions of the Redevelopment Agreement not amended by this resolution are hereby ratified and confirmed and shall remain in full force and effect.

5. The Property shall be sold to Redeveloper by private sale for the purpose of redeveloping the Property and the Deed to be recorded in connection with the conveyance of the Property shall contain certain Redeveloper's covenants which shall run with the land in accordance with the terms of the First Amendment.

6. The Deputy Mayor/Director of the Department of Economic and Housing Development is hereby authorized to effectuate certain business terms and conditions related to the Property and the Redevelopment Agreement, as amended, and may enter into any related documents which may be appropriate and necessary in order to effectuate the sale of the Property and the terms and conditions of the Redevelopment Agreement, the First Amendment and the Right of Access Agreement, all in forms which shall be subject to the approval of the City's Corporation Counsel, including the Deed conveying title to the Property to the Redeveloper which shall also be subject to the approval of the City's Corporation Counsel and attested to and acknowledged by the City Clerk.

7. Any other prior legislation authorizing or intended to authorize the sale and/or redevelopment and/or rehabilitation of the Property is hereby rescinded.

8. The Redeveloper shall have thirty (30) days from the date this resolution is certified by the Office of the City Clerk to execute the attached First Amendment and return same to the Department of Economic and Housing Development. Should the Redeveloper fail to execute and return the attached First Amendment within this thirty (30) day time period, the authorization provided by this resolution shall be null and void, unless the Deputy Mayor/Director of the Department of Economic and Housing Development agrees in writing to extend the thirty (30) day time period.

9. The rehabilitation/redevelopment of the Property shall be commenced within the timeframes set forth in the Project Schedule attached to the Redevelopment Agreement.

10. The Redeveloper shall be required to comply with all Community Initiatives as set forth in the Redevelopment Agreement.

11. The Deputy Mayor/Director of the Department of Economic and Housing Development shall provide a copy of the executed First Amendment, the Right of Access Agreement, as applicable, the Deed, and all such other executed agreements authorized by this resolution to the Office of the City Clerk.

12. The Director of Finance is hereby authorized to receive proceeds of the sale and to deposit same as follows: ninety (90) percent of the sale proceeds shall be deposited into the Community and Economic Development Dedicated Trust Fund established under Resolution 7Rg adopted November 6, 1985; and ten (10) percent of the sale proceeds shall be placed in the City's Affordable Housing Trust Fund established under City Ordinance 6PhS&Ff adopted June 21, 2006 for the purpose of preserving low and moderate income affordable housing.

13. This resolution shall take effect immediately.

**STATEMENT**

This Resolution: (1) authorizes the execution of a First Amendment to the Redevelopment Agreement (the "First Amendment") as set forth herein to provide for the sale of the Property below; (2) amend and acknowledges the change of the name of the Redeveloper to Morris Doremus Avenue Associates Urban Renewal, LLC and specifically designate Morris Doremus Avenue Associates Urban Renewal, LLC as the exclusive Redeveloper of the Project Area; and and (3) authorize the execution of the Right of Access Agreement, if necessary, permitting the Redeveloper to access the Property to undertake certain activities thereupon in substantially the form attached to the First Amendment:

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(collectively, the "Property")

Authorizing a First Amendment to the Redevelopment Agreement with Morris Doremus Avenue Associates Urban Renewal, LLC, authorized by Resolution 7Rp adopted May 3, 2006, to remediate and redevelop City-owned property.