



Legislation Text

File #: 13-1790, Version: 1

Dept/ Agency: Economic & Housing Development

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

Type of Service: Application for Long-Term Tax Abatement

Purpose: To grant a long term tax abatement to 609 Broad Street, LLC under the HMFA law to rehabilitate an existing vacant four story building and construct a new six story building on the Property which will collectively contain approximately 80,000 square feet of retail space, approximately 182 residential units (with a unit mix of affordable and market rate units), and approximately 80,000 square feet of commercial, community and/or office uses, along with an underground parking garage.

Entity Name: 609 Broad Street, LLC

Entity Address: 1865 Palmer Avenue, Suite 203, Larchmont, New York 10538

Abatement Period: 30 years

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

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

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

List of Property:

(Address/Block/Lot/Ward)

609-633 Broad Street/Bock 18/Lot 39/Central Ward

Additional Information:

This property was previously granted two(2) Tax Abatements , which need to be rescinded.

Resolution 7RCS 120496 granted a fifteen (15) year tax abatement.

Ordinance 6S&FC 030205 granted a thirty (30) year tax abatement.

The requested PILOT formula is based on 6.28% of gross revenues.

No Action Taken 7R3-f 100213

WHEREAS, as authorized under the New Jersey Housing and Mortgage Finance Agency Law of 1983, as amended and supplemented, N.J.S.A. 55:14K-1 et seq. (the "HMFA Law"), 609 Broad Street, LLC, a limited liability company having its principal office at 1865 Palmer Avenue, Suite 203, Larchmont, New York 10538 (the "Entity") submitted an application for the approval of a mixed used project on property located at 609-633 Broad Street, Newark, New Jersey and identified on the City's tax map as Block 18, Lot 39 (the "Property") to rehabilitate an existing vacant four story building and construct a new building on the Property which will collectively contain approximately 80,000 square feet of retail space, approximately 182 residential units (with a unit mix of affordable and market rate units), and approximately 80,000 square feet of commercial, community and/or office uses, along with an underground parking garage (collectively, the "Project"); and

WHEREAS, the Project will be subject to the HMFA Law and the mortgage and other loan documents to be executed between the Entity and the New Jersey Housing and Mortgage Finance Agency (the "HMFA"); and

WHEREAS, the Entity is seeking a tax abatement for the Project pursuant to the provisions of the HMFA Law; and

WHEREAS, the Municipal Council has determined that the Project meets an existing need, and has further determined that the Project is an improvement made for the purpose of construction, improvement or rehabilitation of housing projects as set forth in the HMFA Law; and

WHEREAS, in accordance with Ordinance No. 6PSF-a 050411 adopted May 4, 2011 (the Redeveloper Pay-to-Play Ordinance), the Entity has filed with the City a sworn statement that it has not made any contribution in violation of said ordinance.

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

1. The application of 609 Broad Street, LLC, a limited liability company having its principal office at 1865 Palmer Avenue, Suite 203, Larchmont, New York 10538 (the "Entity") for the construction, rehabilitation, development, maintenance and operation of the Project as described in the application is hereby approved.

2. The Municipal Council does hereby adopt this Resolution and makes the determinations and findings herein contained by virtue of, pursuant to, and in conformity with the provisions of HMFA Law with the intent and purpose that the HMFA rely thereon in making a mortgage loan to the Entity, which shall construct, own and operate the Project.

3. The Municipal Council 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 shall be determined pursuant to the Financial Agreement to be executed between the Entity and the City of Newark.

4. The tax abatement shall be for a term of thirty (30) years, but shall not extend beyond the date in which the HMFA loan on the Project is paid in full, and the Entity shall be subject to the provisions and conditions of the HMFA Law and the Financial Agreement annexed hereto.

5. The Project is approved subject to any approvals that may be required by the Department of Community Affairs of the State of New Jersey and the HMFA.

6. The Mayor of the City of Newark is hereby authorized to execute, on the City's behalf, the Financial Agreement in the form attached hereto.

7. An executed copy of the Financial Agreement authorized by this Resolution shall be filed by the Director of the Department of Economic and Housing Development with the Office of the City Clerk.

8. The Project, when completed, will conform with all State laws and ordinances of the City of Newark relating to its construction and use.

9. 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 Resolution.

10. The Entity shall in the operation of the Project comply with all applicable laws so that no person shall be subject to any discrimination because of race, religious principles, color, national origin or ancestry.

11. 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. The Office of Affirmative Action shall forthwith investigate the matters contained therein and report its findings to the Municipal Council.

12. As of the Annual Service Charge Start Date (as defined in the Financial Agreement), the Entity shall pay an estimated quarterly service charge of \$72,100.25 to the City until the correct amount due from the Entity is determined by the City's Director of Finance based upon the auditor's report that is required to be submitted under the Financial Agreement. After the auditor's report required under the Financial Agreement has been accepted by the City's Director of Finance, and within 90 days thereafter, the City and the Entity will adjust any over or under payment so made or needed to be made for the particular period covered by the auditor's report.

13. The annual service charge shall be calculated based on 6.28% of the annual gross project revenues from the Project, including but not limited to income from all residential, retail and commercial units constructed for the Project as well as income from parking, laundry room, vending machines, and the like, which are derived at the Project.

14. 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 any of these requirements will result in the cancellation of the tax exemption:

- a) The Entity shall pay full taxes on the land and improvements of the Project until the annual service charge becomes effective;
- b) The Entity shall not, without prior consent of the Municipal Council, 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 included within the Project;
- c) The Entity, pursuant to the Revised City Ordinance 10:24-1 et seq., as amended, shall be deemed to agree that if the Entity operates, controls or manages the Project 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 term of the tax abatement, dedicated to Newark residents, of which 25% of such all new employees shall be minority residents;
- d) The Entity shall concomitantly with the submission of the annual report required of it by paragraph 12 above, attach an employment report under oath, with particulars, stating the manner and the extent to which it has complied with Section 14(c) above. This employment report shall, like the annual report, be filed with both the Director of Finance and the Clerk of the City of Newark;

- e) The Entity shall pay all outstanding taxes and all outstanding water and sewer charges within thirty (30) days of the adoption of this Resolution;
- f) The Entity shall complete the construction of the Project within twenty four (24) months of the adoption of this Resolution, subject to a Force Majeure Event as defined in the Financial Agreement; 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 of the construction schedule deadlines set forth within the Financial Agreement and any other timelines and milestones, provided that such deadlines, timelines and milestones are not extended beyond the two (2) permitted six (6) month extensions, subject to full written disclosure (in the form of a signed memorandum) to the Newark Municipal Council by the Deputy Mayor/Director of the Department of Economic and Housing Development; and
- g) The Entity shall secure all construction financing prior to the commencement of any construction.

15. The Entity shall submit to the City of Newark's Department of Economic and Housing Development or its assigned agent all documentation which is required to submit and maintain in accordance with the terms and conditions of the financing to be provided by the New Jersey Housing and Mortgage Finance Agency and the New Jersey Department of Community Affairs (DCA) and all other sources of funding received.

16. The Entity shall submit to the City of Newark's Law Department and Department of Economic and Housing Development copies of the mortgage and all other loan documents executed between the Entity and New Jersey Housing and Mortgage Finance Agency within 30 days of the closing.

17. The City Clerk's Office of the City of Newark shall forthwith submit a certified copy of the Resolution approving the tax abatement and the proposed Financial Agreement to the Director of the Division of Local Government Services.

STATEMENT

This Resolution grants a long term tax abatement to 609 Broad Street, LLC, a limited liability company having its principal office at 1865 Palmer Avenue, Suite 203, Larchmont, New York 10538 (pursuant to the New Jersey Housing and Mortgage Finance Agency Law of 1983 (N.J.S.A. 55:14K-1 et seq.) for a term of thirty (30) years for a mixed used project on property located at 609-633 Broad Street, Newark, New Jersey and identified on the City's tax map as Block 18, Lot 39 to rehabilitate an existing vacant four story building and construct a new building on the Property which will collectively contain approximately 80,000 square feet of retail space, approximately 182 residential units (with a unit mix of affordable and market rate units), and approximately 80,000 square feet of commercial, community and/or office uses, along with an underground parking garage.