



City of Newark

City Hall
920 Broad Street
Newark, New Jersey 07102

Legislation Text

File #: 17-1821, Version: 1

Dept/ Agency: Economic and Housing Development

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

Type of Service: Redevelopment

Purpose: Redevelopment of various vacant City-owned lots, turn them into 27 affordable residential units with a multi-purpose gallery/performance space and cafe.

Entity Name: Newark Community Economic Development Corporation

Entity Address: 111 Mulberry Street, Newark, New Jersey 07102

Sale Amount: \$0.00

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

Assessed Amount: \$0.00

Appraised Amount: \$0.00

Contract Period: To be commenced within (3) three months of execution

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/Size/Sq.Feet)

505-509 Clinton Avenue/3000/21/South/.3623/15,781.79

120-122 Chadwick Avenue/2686/35/South/.1205/5,250.00

Additional Information:

- Resolution 7Rdo(as) adopted on June 15, 2005 Designate Entire City as Area in Need of Rehabilitation
- Ordinance 6PSF-n adopted on December 17, 2008-Bergen/Clinton Redevelopment Plan
- Ordinance 6S&Fd(s) adopted August 17, 2005-South Ward Redevelopment Plan

WHEREAS, the purpose of this resolution is to approve the rehabilitation to the existing Clinton Trust Building façade and redevelop the adjacent property into 27 affordable residential units with a multi-purpose gallery/performance space and cafe, of the following City-owned properties located in the South Ward of the City of Newark (the "Properties"):

<u>ADDRESS</u>	<u>BLOCK</u>	<u>LOT</u>	<u>WARD</u>	<u>SIZE</u>	<u>SQ. FEET</u>
505-509 Clinton Avenue	3000	21	South	.3623	15,781.79
120-122 Chadwick Ave.	2686	35	South	.1205	5,250.00

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, in order to stimulate the reinvigoration of the City, by Resolution 7RdoO (A.S.) adopted on June 15, 2005, the entire City was designated as an area in need of rehabilitation pursuant to the Act; and

WHEREAS, by Ordinance 6S&Fd(S), adopted on August 17, 2005, the Municipal Council of the City of Newark (the "Municipal Council") then approved the third amendment to the South Ward Redevelopment Plan, for the Redevelopment Area which includes the property located at 120-122 Chadwick Avenue; and

WHEREAS, by Ordinance 6PSF-n, adopted December 17, 2008, the Municipal Council approved the First Amendment to the Bergen/Clinton Redevelopment Plan, for the Redevelopment Area which includes the property located at 505-509 Clinton Avenue (collectively, the South Ward Redevelopment Plan and the Bergen/Clinton Redevelopment Plan are referred to as the "Redevelopment Plans"); and

WHEREAS, the City, as the owner of the Properties, has determined that the Properties are no longer needed for any public use and that redevelopment of the Properties will contribute to the reinvigoration of the City; and

WHEREAS, the United States Department of Housing and Urban Development ("HUD") has designated the City of Newark, State of New Jersey, as an Urban Entitlement Area under the Community Development Block Grant Program; and

WHEREAS, the City has been receiving Community Development Block Grant ("CDBG") program funds since the inception of the program in 1974; and

WHEREAS, HUD administers the Section 108 Loan Guarantee Program ("Section 108"), which provides communities with a source of financing for economic development, housing rehabilitation, public facilities, and other physical development projects, including improvements to increase their resilience against natural disasters; and

WHEREAS, Section 108 offers state and local governments the ability to transform a small portion of their CDBG funds into federally guaranteed loans large enough to pursue physical and economic revitalization projects capable of revitalizing entire neighborhoods; and

WHEREAS, in its 2013-2014 Annual Action Plan submitted to the HUD and authorized by Resolution 7R1-j, adopted September 18, 2013 by the Municipal Council of the City of Newark, the City applied for a Section 108 Loan Pool allocation; and

WHEREAS, HUD approved the Section 108 Loan Pool allocation of \$12,000,000.00 via letter dated July 29, 2013, and has subsequently extended the approval; and

WHEREAS, the City anticipates entering into a Contract for Loan Guarantee Assistance under Section 108 of the Housing and Community Development Act of 1974 as amended, 42 U.S.C. §5308 ("Section 108 Loan Agreements") for the purpose of obtaining Guaranteed Loan Funds, in

furtherance of housing rehabilitation activities, pursuant to 24 CFR §570.703(h) and §570.202; and

WHEREAS, by Resolution 7R3-a(S), adopted May 26, 2016, the Municipal Council of the City of Newark authorized the execution and delivery of a funding contract with the Newark Community Economic Development Corporation (“Newark CEDC”), a non-profit entity, for the provision of certain economic development activities in and for the City of Newark; and

WHEREAS, the City, with Newark CEDC, submitted a proposal to HUD outlining the intention to rehabilitate the existing Clinton Trust Building façade and redevelop the adjacent property into 27 affordable residential units with a multi-purpose gallery/performance space and cafe, identifying Newark CEDC as the Redeveloper (the “Project Description”); and

WHEREAS, based upon HUD’s review of the Project Description and other information, HUD has determined that the City qualifies for financial assistance in the form of Guaranteed Loan Funds; and

WHEREAS, the City has determined that Newark CEDC possesses the proper qualifications and the capacity to construct the Project; and

WHEREAS, the City further intends to enter into a Financial Agreement with Newark CEDC allowing Newark CEDC to access approximately \$4,600,000.00 in Guaranteed Loan Funds which are necessary to support the construction of the Project; and

WHEREAS, the City intends to enter into an additional Financial Agreement with Newark CEDC, allowing Newark CEDC to access approximately \$3,400,000.00 in bond funding for the construction of the Project, as authorized by a resolution of the Local Finance Board adopted April 13, 2016 and annexed as Exhibit A; and

WHEREAS, upon completion of the Project, the City wishes to sell the Property for market value at the time of completion to 505 Clinton Urban Renewal Cooperative Corporation, a non-profit housing cooperative which intends to provide low and moderate income housing and to apply for a long-term abatement; and

WHEREAS, the City and Newark CEDC desire to enter into a Redevelopment Agreement (“Agreement”) in substantially the form annexed as Exhibit B in order to memorialize the terms and conditions of the redevelopment of the Properties; and

WHEREAS, the Parties agree that the performance of the Agreement shall be contingent upon the execution of the Financial Agreements by December 31, 2017; and

WHEREAS, this Agreement shall supersede any previous Agreement(s) or conditions related to the redevelopment or rehabilitation of the Properties, as may be applicable.

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

1. The Mayor and/or his designee and the Acting Deputy Mayor/Director of the Department of Economic and Housing Development are hereby authorized to enter into and execute the

Redevelopment Agreement attached hereto with Newark Community Economic Development Corporation, 111 Mulberry Street, Newark, New Jersey 07102, for the redevelopment and/or rehabilitation of the following Properties, in accordance with the terms and conditions of the attached Agreement and the Bergen/Clinton and South Ward Redevelopment Plans, as amended:

<u>ADDRESS</u>	<u>WARD</u>	<u>BLOCK</u>	<u>LOT</u>	<u>SIZE</u>	<u>SQ. FEET</u>
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2. The Acting Deputy Mayor/Director of the Department of Economic and Housing Development is hereby authorized to effectuate certain business terms and conditions related to the Redevelopment Agreement annexed hereto and may enter into access and right of entry agreements and any related documents which may be necessary in order to effectuate the redevelopment and/or rehabilitation of the Properties and the terms and conditions of the Agreement, all in forms subject to the approval of the City of Newark's Acting Corporation Counsel.
3. The Acting 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 any timeframe set forth in the Agreement, subject to full written disclosure of such extension(s) (in the form of a signed memorandum to be submitted to the Office of the City Clerk prior to adoption) to the Municipal Council of the City of Newark by the Deputy Mayor/Director of the Department of Economic and Housing Development and the approval of the City of Newark's Acting Corporation Counsel.
4. The redevelopment of the Property shall be commenced within three (3) months and be completed according to the terms of the Project Schedule.
5. The Redeveloper shall be designated as the exclusive redeveloper of the Properties and any other prior legislation authorizing or intended to authorize the sale and/or redevelopment and/or rehabilitation of the Properties is hereby rescinded.
6. From the effective date of this Resolution, the Redeveloper shall have until December 31, 2017 to execute a Redevelopment Agreement in the form attached hereto; return a fully executed Redevelopment Agreement to the Department of Economic and Housing Development. Should the Redeveloper fail to so comply, the authorization provided by this resolution shall be null and void unless the Acting Deputy Mayor/Director of the Department of Economic and Housing Development agrees in writing to extend this time period.
7. Title to the properties shall revert back to the City of Newark in the event the Redeveloper fails to close title, commence or complete the redevelopment and/or rehabilitation within five (5) years.
8. The Redeveloper shall be required to comply with the City of Newark's Minority Set-Aside Ordinance 6S&Fd, dated April 5, 1995; the City of Newark's Affirmative Action Plan 7Rbp, dated March 1, 1995; Federal Executive Order 11246, (as amended by Executive Orders 11375 and 12086) regarding the award of goods and services contracts; and the City of

Newark Ordinance Amending Title II Administration, Chapter 4, General Administration, Section 20, Hiring of Newark Residents by Contractors or Other Persons Doing Business with the City of Newark and Section 21, Newark Residents' Employment Policy, by Adding Language to Address Immediate Short Term Training and Employment Opportunities and Repealing the Newark Employment Commission, a copy of which is attached to the Agreement (the "First Source Ordinance"), all as may be applicable. In addition, the Redeveloper has agreed to ensure that 30% of all contractors, subcontractors and suppliers shall be Newark-based companies.

9. The Acting Deputy Mayor/Director of the Department of Economic and Housing Development shall place a copy of the executed Agreement for the Redevelopment of Land, and all such other executed agreements authorized by this resolution on file in the Office of the City Clerk.
10. The project to be implemented by the Redeveloper shall conform to the City of Newark Design Guidelines, including standards for environmental sustainability and energy efficiency, as established by the Department of Economic and Housing Development. Additionally, the Redeveloper shall conduct any environmental investigation and remediation upon the Property as may be necessary. Should the Redeveloper fail to diligently pursue the rehabilitation of the Properties, then the City, in its sole discretion, may exercise its Right of Reverter to transfer title to the Properties back to the City, in accordance with the terms and conditions of the Agreement and the deed.

STATEMENT

This Resolution authorizes the Mayor and/or his designee and the Acting Deputy Mayor/Director of Department of the Economic and Housing Development to enter into and execute a Redevelopment Agreement with Newark Community Economic Development Corporation, for the redevelopment and/or rehabilitation of the existing Clinton Trust Building façade and redevelop the adjacent property into 27 affordable residential units with a multi-purpose gallery/performance space and cafe; in accordance with the terms and conditions of the attached Agreement for the Redevelopment of Land and the Bergen/Clinton and South Ward Redevelopment Plans, as amended:

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