



Legislation Text

File #: 23-1227, Version: 1

Dept./Agency: Economic and Housing Development

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

Type of Service: Motor Vehicle Bond Allocation Grant Funds/Private Sale/Redevelopment

Purpose: Authorizing the waiver of certain defaults, extension of time for substantial completion of the Project and the execution of a: (i) Second Amendment to the Amended and Restated Grant Agreement with Bergen Street Redevelopment Urban Renewal, LLC; and (ii) Third Amendment to Redevelopment Agreement with Redeveloper, in connection with the construction of a mixed used project called Tucker View Apartments consisting of two (2) buildings along Bergen Street in the South Ward: Building A - five (5) stories, (32) residential units, over commercial space, and fourteen (14) parking spaces, and Building B - consisting of four (4) stories, ten (10) residential units, and a community center on the ground floor on the property commonly known as 1037-1047 Bergen Street and 1057-1059 Bergen Street, Newark, New Jersey and identified on the Official Tax Map of the City of Newark, as Block 3661, Lots 3, 5 and 8, and Block 3660, Lot 11.

Entity Name: Bergen Street Redevelopment Urban Renewal, LLC

Entity Address: 953 Bergen Street, Newark, New Jersey 07112

Grant Amount: \$1,900,000.00

Sale Amount: \$70,988.20

Cost Basis: (X) \$4.00 PSF () Negotiated () N/A () Other :

Assessed Amount: \$896,400.00

Funding Source: Motor Vehicle Tax Revenue Bonds, Series 2015

Contract Period: From Project completion date to January 31, 2025

Contract Basis: () Bid () State Vendor () Prof. Ser. () EUS
() Fair & Open () No Reportable Contributions () RFP () RFQ
() Private Sale (X) Grant () Sub-recipient () n/a

List of Property: (if applicable)

(Address/Block/Lot/Ward)

1057-1059 Bergen Street/Block 3660/Lot 11/South

1037-1047 Bergen Street/Block 3661/Lot 3, 5 and 8/South

Additional Information:

Failed 7R2-d(S)080823

WHEREAS, on December 5, 2012, the Municipal Council adopted Resolution 7R3-b authorizing the Deputy Mayor/Director of the Department of Economic and Housing Development to enter into and execute a Redevelopment Agreement with the Redeveloper 953 Bergen Street, Newark, New Jersey 07112, for the private sale and redevelopment of the following City-owned properties for the purpose of undertaking the construction of forty-five (45) units of affordable housing with ground floor commercial space ("Original Redevelopment Agreement"):

<u>ADDRESS</u>	<u>LOT</u>	<u>SIZE</u>	<u>SQ.</u>
	<u>WARD</u>	<u>BLOCK</u>	<u>FEET</u>

1057-1059 Bergen Street 1037-	South	3660	11 3, 5, 44.9x90.5	4,063.45
1047 Bergen Street	South	3661	8 151.2X90.5	13,683.60

Total Square Footage: 17,747.05

Total Purchase Price: \$70,988.20 (\$4.00/Sq. Ft.); and

Purchase Price: \$15,040.00 (\$4.00 per sf.); and

WHEREAS, the Original Redevelopment Agreement was executed and delivered by the parties on June 25, 2013; and

WHEREAS, on June 21, 2017, the Municipal Council adopted Resolution 7R2-S(AS) authorizing the Deputy Mayor/Director of the Department of Economic and Housing Development (the "Director") to enter into and execute a First Amendment to the Redevelopment Agreement to correct an error in the project description (the "First Amended Redevelopment Agreement"); and

WHEREAS, on September 2, 2020, the Municipal Council adopted Resolution 7R2-c authorizing the Deputy Mayor/Director of the Department of Economic and Housing Development to enter into and execute a Second Amendment to the Redevelopment Agreement, dated as of October 8, 2020, to modify the definition of "Developer Fee," the extension of time for completion of the Project and the execution of a Second Amendment to Redevelopment Agreement with the Redeveloper (the "Second Amended Redevelopment Agreement"); and

WHEREAS, the Original Redevelopment Agreement, the First Amended Redevelopment Agreement and Second Amended Redevelopment Agreement are collectively referred to as the "Redevelopment Agreement"; and

WHEREAS, on June 21, 2017, the Municipal Council adopted Resolution 7R2-p authorizing the: (i) City of Newark, New Jersey (the "City"), to fund a capital grant to the Redeveloper in an amount not to exceed One Million Nine Hundred Thousand Dollars (\$1,900,000.00) (the "Grant") from the proceeds of the Motor Vehicle Tax Revenue Bonds, Series 2015; and (ii) Director to execute and deliver an Amended and Restated Grant Agreement on behalf of the City with the Redeveloper, dated as of June 29, 2017, in the amount of the Grant (the "Original Grant Agreement"); and

WHEREAS, on September 2, 2020, the Municipal Council adopted Resolution 7R2-g authorizing the Deputy Mayor/Director of the Department of Economic and Housing Development to enter into and execute a First Amendment to the Amended and Restated Grant Agreement, dated as of October 8, 2020, to modify the definition of "Developer Fee," the extension of time for completion of the Project and the execution of a First Amendment to Amended and Restated Grant Agreement with the Redeveloper (the "First Amended Grant Agreement"); and

WHEREAS, the Original Grant Agreement and the First Amended Grant Agreement to Redevelopment Agreement are collectively referred to as the "Grant Agreement"; and

WHEREAS, as a result of various unforeseen delays and environmental remedial costs

beyond the control of the Redeveloper and to ensure that construction of the Project continues and completion remains feasible, the Redeveloper has requested and the City has agreed to waive certain defaults and extend the time to complete the Project to January 31, 2025, pursuant to the terms and conditions of a Second Amendment to the Amended and Restated Grant Agreement and Third Amendment to Redevelopment Agreement and the other agreements and documents executed and delivered by the City and Redeveloper in connection with the Project.

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

1. The Mayor of the City of Newark and/or his designee, the Deputy Mayor/Director of the Department of Economic and Housing Development, is hereby authorized, directed and empowered to enter into, execute and deliver a Second Amendment to the Amended and Restated Grant Agreement on behalf of the City with Bergen Street Redevelopment Urban Renewal, LLC (the “Redeveloper”) (the “Second Amended Grant Agreement 953 Bergen Street, Newark, New Jersey 07112”, to waive certain defaults occurring under the Grant Agreement and to extend the time for substantial completion of construction of the Project to January 31, 2025.

2. The Mayor of the City of Newark and/or his designee, the Deputy Mayor/Director of the Department of Economic and Housing Development , is hereby authorized, directed and empowered to enter into, execute and deliver a Third Amendment to the Redevelopment Agreement on behalf of the City with the Redeveloper (the “Third Amended Redevelopment Agreement”), to waive certain defaults occurring under the Redevelopment Agreement and to extend the time for completion of construction of the Project to January 31, 2025.

3. The Deputy Mayor/Director of the Department of Economic and Housing Development is hereby authorized, directed and empowered to take any and all such further action to ensure that the Project continues to completion, including, without limitation, the effectuation of all such business terms and conditions related to the Grant Agreement, as amended by the Second Amended Grant Agreement, and Redevelopment Agreement, as amended by the Third Amended Redevelopment Agreement, as permitted by New Jersey Law, and may enter into any subordination agreements, estoppel certificates and any and all such other related documents and agreements relevant to these matters in a form subject to the approval of the Corporation Counsel.

4. Completion of Construction under the terms of the Grant Agreement and Redevelopment Agreement shall be extended to January 31, 2025, subject to two (2) six (6) month extensions at the discretion of the Deputy Mayor/Director of the Department of Economic and Housing Development, provided that any contract timelines and milestones shall not be extended beyond the two permitted six (6) month extensions by the Deputy Mayor/Director of the Department of Economic and Housing Development, unless and until full written disclosure is made to the City and approved by the Municipal Council, the Deputy Mayor/Director of the Department of Economic and Housing Development and Corporation Counsel.

5. The Redeveloper must continue to remain in full compliance with municipal, State and Federal laws Including, but not limited to the City of Newark's Minority Set-Aside Ordinance (6S&Fd adopted on April 5, 1995) and its Affirmative Action Plan (7Rbp adopted on March 1, 1995) and Federal Executive Order 11246 (as amended by Executive Orders 1137 and 12086) with respect to the award

of goods and services. The Redeveloper has agreed to ensure that a minimum of 40% of the workers employed during the construction of the Project shall be Newark residents and that 30% of all contractors, subcontractors and suppliers shall be Newark companies.

6. The Deputy Mayor/Director of the Department of Economic and Housing Development shall place on file with the Office of the City Clerk a final executed copy of the Second Amendment to the Amended and Restated Grant Agreement and Third Amendment to Redevelopment Agreement.

7. All other terms of the Grant Agreement and Redevelopment Agreement shall remain in full force and effect to the extent not otherwise amended herein.

STATEMENT

This Resolution authorizes the Mayor of the City of Newark and/or his designee, the Deputy Mayor/Director of the Department of Economic and Housing Development, to enter into and execute on behalf of the City the Second Amendment to the Amended and Restated Grant Agreement and Third Amendment to Redevelopment Agreement with Bergen Street Redevelopment Urban Renewal, LLC, 953 Bergen Street, Newark, New Jersey 07112, in connection with the construction and pre-development costs of a mixed-used project consisting of two (2) buildings along Bergen Street, Bergen Street: Building A - five (5) stories, thirty-two (32) residential units, over commercial space, and fourteen (14) parking spaces, and Building B - consisting of four (4) stories, ten (10) residential units, and a community center on the ground floor located at 1057-1059 Bergen Street and 1037-1047 Bergen Street, Newark New Jersey 07112 and identified on the Official Tax Map of the City of Newark, as Block 3660, Lot 11 and Block 3661, Lot 3, 5 and 8.