



Legislation Text

File #: 23-1513, Version: 1

Dept/ Agency: Finance

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

Type of Service: Application to the Department of Community Affairs for Funding

Purpose: Resolution of the Newark Municipal Council authorizing the Submission/Acceptance of an Application to The New Jersey Urban Enterprise Zone Authority for Enterprise Zone Assistance Funds for the Real Estate Development Loan and Grant Fund Project.

Entity Name: Invest Newark

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

Additional Information:

WHEREAS, on August 15, 1983, the State of New Jersey enacted the New Jersey Urban Enterprise Zones Act, N.J.S.A. 52:27H-60 et seq. (the "Act") to foster an economic climate that revitalizes designated urban communities and stimulates their growth by encouraging businesses to develop and create private sector jobs through public and private investment; and

WHEREAS, the City of Newark (the "City") was designated as an Urban Enterprise Zone ("UEZ") under the UEZ Program and the current designation as an UEZ expires on or about December 31, 2023; and

WHEREAS, pursuant to N.J.S.A. 52:27H-67, Resolution 7R6-a(S) adopted on December 10, 2019, and Ordinance 6PSF-b adopted on June 24, 2020, the City designated Invest Newark, a NJ Nonprofit Corporation, (and/or its predecessors-in-interest) as the "Zone Development Corporation" for the purpose of operating, administering, managing, and monitoring the City's Urban Enterprise Zone Program and the "Zone Assistance Funds" derived therefrom; and

WHEREAS, the Ordinance provides that *inter alia* the Newark Municipal Council and Invest Newark may propose to undertake economic development projects in the enterprise zone and to fund those projects and credit them to the account maintained by Invest Newark for the UEZ, pursuant to N.J.S.A. 52:27H-88; and

WHEREAS, funds from Fiscal Year 2022 are available from the New Jersey Department of Community Affairs (the "DCA") in the amount of Three Million Seven Hundred Ninety-Eight Thousand Three Hundred Forty-Five Dollars and Zero Cents (\$3,798,345.00) of Zone Assistance Funds from the DCA's UEZ Program, if awarded these funds they must be obligated by June 30, 2024; and

WHEREAS, funds from Fiscal Year 2023 are available from the DCA in the amount of Seven Million Six Hundred Fifty-Five Thousand Seventy-Nine Dollars and Zero Cents (\$7,655,079.00) of Zone Assistance Funds from the DCA's UEZ Program, if awarded these funds they must be obligated by June 30, 2025; and

WHEREAS, the Board of Invest Newark, on May 8, 2023, adopted the Resolutions attached

hereto as Exhibit A proposing the undertaking of six (6) economic development projects, two (2) combining into the Real Estate Development Loan and Grant Fund Project, and the funding administrative costs associated therewith as set forth below to be funded from the 2022 and 2023 Zone Assistance Funds, and to propose such plan to be jointly adopted by Resolution of the Newark Municipal Council after public hearing; and

WHEREAS, the Real Estate Loan and Grant Fund Project is to help local, minority developers overcome the often prohibitive, upfront costs of starting a real estate project within UEZ areas and support the development of rental housing, for-sale homes, mixed-use projects, and commercial or community facility projects within Newark's UEZ ("Project"); and

WHEREAS, pursuant to N.J.S.A. 52:27H-88(c) in order to make funds available to the Project from monies deposited in the Enterprise Zone Administrative Assistance Funds, the Governing Body must adopt a Resolution approving the Project and authorizing the submission of the application for funding.

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

1. The Newark Municipal Council hereby authorizes and directs Invest Newark to submit application for funding to the New Jersey Department of Community Affairs's Enterprise Zone Authority (the "DCA") in the amount not to exceed the total UEZ requested amount of Two Million Three Hundred Thousand Dollars and Zero Cents (\$2,300,000.00), to support the Real Estate Loan and Grant Fund Project ("Project"). This Project creates a Predevelopment Loan Fund not to exceed One Million Dollars and Zero Cents (\$1,000,000.00) providing technical assistance and below-market interest rate financing for local, minority developers developing commercial buildings and housing within the UEZ and a Real Estate Loan and Grant Fund not to exceed One Million Three Hundred Thousand Dollars and Zero Cents (\$1,300,000.00) which provides below market interest rate loans and/or grants to support the development of rental housing, for-sale homes, mixed-use projects, and commercial or community facility projects within Newark's UEZ.
2. The DCA will evaluate and approve the proposed project to be funded from monies deposited in the Enterprise Zone Assistance Fund credited to the account of the Urban Enterprise Zone Authority which is maintained by the State Treasurer for the Enterprise Zone.
3. If the DCA awards the requested funds it shall be authorized to allocate Zone Assistance Funds in the amount not to exceed the total UEZ requested amount of Two Million Three Hundred Thousand Dollars and Zero Cents (\$2,300,000.00) to fund the Project..
4. If funds are awarded from Fiscal Year 2022 funds then they must be obligated by June 30, 2024, and funds awarded from Fiscal Year 2023 funds must be obligated by June 30, 2025.
5. Invest Newark will be responsible for keeping all records and shall provide the City a reporting upon request.
6. Invest Newark shall maintain all documents related to the Project, transactions, or services pertaining to this Resolution for a period of five (5) years from the date of the final disposition

of these funds, pursuant to N.J.S.A. 52:15c-14(d) and N.J.A.C. 17:44-2.2.

7. A copy of the executed contract herein authorized shall be filed in the Office of the City Clerk.

STATEMENT

This Resolution authorizes Invest Newark to submit/accept an application to the New Jersey Department of Community Affairs' Enterprise Zone Authority for Enterprise Zone Assistance Funds for the Real Estate Loan and Grant Fund Project in the amount not to exceed the total UEZ requested amount of Two Million Three Hundred Thousand Dollars and Zero Cents (\$2,300,000.00), to help local, minority developers overcome the often prohibitive, upfront costs of starting a real estate project within UEZ areas and support the development of rental housing, for-sale homes, mixed-use projects, and commercial or community facility projects within Newark's UEZ.