



## Legislation Text

File #: 14-0329, Version: 1

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

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

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

**Purpose:** Amend Resolution 7R3-c(S) 042313, the Amended and Restated Redevelopment Agreement with Old Third Redevelopment, LLC, to adjust the purchase price for the property sold in Phase I from \$1,920,000.00 to \$1,425,000.00 and further clarify the terms and conditions of the purchase and sale of the Property as set forth in Section 3.2(a)(iii) of the Amended and Restated Redevelopment Agreement.

**Entity Name:** Old Third Ward Redevelopment, LLC

**Entity Address:** 3 East Stow Road, Marlton, New Jersey 08053

**Sale Amount:** \$3,712,000.00, (Phase I \$1,920,000.00 & Phase II \$1,792,000.00) subject to the Terms and Conditions of the Purchase and Sale as set forth in Section 3.2(a)(iii) of the Amended and Restated Redevelopment Agreement, authorized by Resolution 7R3-c(s) 042313

**Cost Basis:** ( ) \$2.00 PSF ( x ) Negotiated ( ) N/A ( ) Other:

**Assessed Amount:** \$14,639,200.00

**Appraised Amount:** Phase I \$1,425,000.00

**Contract Period:** Within eighteen (18) months of the commencement of both Phase I and II

**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)**

1-55 Somerset Street /Block 2556/ Lot 1/Central Ward

136-146 Spruce Street /Block 2556/ Lot 61/Central Ward

28-82 Barclay Street /Block 2556/ Lot 62/Central Ward

84-140 Barclay Street /Block 2563/ Lot 1/Central Ward

135-145 Spruce Street /Block 2563/ Lot 75/Central Ward

57-117.5 Somerset Street /Block 2563/ Lot 76/Central Ward

**Additional Information:**

Resolution 7R3-A(S) 112911; authorized Redevelopment Agreement with Old Third Ward Redevelopment, LLC

Resolution 7R3-c(S) 042313 authorized an Amended and Restated Redevelopment with Old Third Redevelopment, LLC;

**WHEREAS**, on November 29, 2011 the Municipal Council of the City of Newark adopted Resolution 7R3-A(S) authorizing the Mayor and Deputy Mayor/Director of the Department of Economic and Housing Development to enter into and execute a contract ("Redevelopment Agreement") with Old Third Ward Redevelopment, LLC, 3 East Stow Road, Marlton, New Jersey 08053, (the "Redeveloper") for the private sale and redevelopment of a portion of six (6) City-owned properties shown on the Official Tax Map of the City, as Block 2556, Lots 1, 61 & 62 and Block 2563,

Lots 1, 75 & 76, commonly known as the Douglas Harrison parcels (the "Property") for the sum of three million seven hundred twelve thousand dollars (\$3,712,000.00), which shall be paid in two phases (Phase I \$1,920,000.00 and Phase II \$1,792,000.00); and

**WHEREAS**, on April 23, 2013 the Municipal Council adopted Resolution 7R3-c(s) authorizing the Mayor and/or his designee the Deputy/Mayor Director of the Department of Economic and Housing Development to enter into and execute an Amended and Restated Redevelopment Agreement with the Redeveloper to modify certain business terms and conditions of the Redevelopment Agreement; and

**WHEREAS**, the Municipal Council has determined that it is appropriate to amend Resolution 7R3-c(s), adopted on April 23, 2013, to adjust the purchase price for the sale of Phase I of the Property to correspond with the appraisal dated April 3, 2012, attached hereto and made a part of this resolution, and further clarify the terms and conditions of the purchase and sale of the Property as set forth in Section 3.2(a)(iii) of the Amended and Restated Redevelopment Agreement.

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

1. Resolution 7R3-c(s), adopted on April 23, 2013, the Amended and Restated Redevelopment Agreement with Old Third Redevelopment, LLC is hereby amended by adjusting the purchase price of the Property sold in Phase I from \$1,920,000.00 authorized in the Redevelopment Agreement authorized by Resolution 7R3-A(S) 112911 to the appraised value of \$1,425,000.00 to correspond with the appraisal dated April 3, 2012.

2. Notwithstanding the foregoing, the sale of the Property (Phase I and Phase II) shall be subject to the terms and conditions set forth in Section 3.2(a)(iii) of the Amended and Restated Redevelopment Agreement authorized pursuant to Resolution 7R3-c(s) 042313, which states that "if an appraisal conducted by an independent third party appraiser selected by and for the benefit of HMFA or any other lender providing a Project Entity with financing permitted hereunder and necessary to complete the Project values the Property at less than the purchase price, and as a result, Redeveloper shall be unable to finance the Project based upon such valuation, the Purchase Price shall be reduced accordingly provided, however, that if such appraised value is more than \$250,000.00 less than the Purchase Price, then the Director, on behalf of the City shall have the right, but not the obligation, of terminating this Agreement." The City of Newark does not exercise its discretion to terminate the Redevelopment Agreement.

### **STATEMENT**

This resolution amends Resolution 7R3-c(s), adopted on April 23, 2013, the Amended and Restated Redevelopment Agreement with Old Third Redevelopment, LLC by adjusting the purchase price of the Property sold in Phase I from \$1,920,000.00 as authorized in the Redevelopment Agreement authorized by Resolution 7R3-A(S) 112911 to the appraised value of \$1,425,000.00 per the appraisal dated April 3, 2012 and to further clarify the terms and conditions of the purchase and sale of the Property as set forth in Section 3.2(a)(iii) of the Amended and Restated Redevelopment Agreement

