



Legislation Text

File #: 18-1198, Version: 1

Dept/ Agency: Economic and Housing Development

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

Type of Service: Affordable Housing Agreement to provide HOME Funds

Purpose: An Affordable Housing Agreement with Project Live, Inc. to renovate and improve a two (2) story low-rise multi-unit boarding house located at 75-79 Lincoln Avenue, Newark, New Jersey 07104, which consists of ten (10) single-resident occupancy units, seven (7) of which shall be HOME-assisted affordable housing units, four (4) offices, a kitchen, laundry room, dining room and three (3) common rooms.

Entity Name: Project Live, Inc.

Entity Address: 465-475 Broadway, Newark, New Jersey 07104

Grant Amount: \$286,214.00

Funding Source: Federal HOME Program

Contract Period: To complete the project within two (2) years from the date of commencement of construction with up to a maximum of two (2) additional six (6) month extensions, with an affordability period of no less than twenty (20) years from the project completion date.

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

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

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

List of Property:

(Address/Block/Lot/Ward)

75-79 Lincoln Avenue/Block 621/Lot 6/North Ward

Additional Information:

WHEREAS, the City of Newark, New Jersey (the “City”), desires to enter into and execute a Deed Restrictive Affordable Housing Agreement (the “Agreement”) with Project Live, Inc. (the “Entity”), 465-475 Broadway, Newark, New Jersey 07104; and

WHEREAS, the City desires to provide the Entity with Federal HOME Program funds in the form of an interest bearing deferred payment loan for a period of twenty (20) years from the date hereof as more particularly provided in the Note (the “Maturity Date”); and

WHEREAS, the Agreement is for the amount of Two Hundred Eighty-Six Thousand Two Hundred Fourteen Dollars and Zero Cents (\$286,214.00) in Federal HOME Program funds to renovate and improve a two-story low-rise multi-unit boarding house, which consists of 10 single-resident occupancy units, 7 of which shall be HOME-assisted affordable housing units, 4 offices, a kitchen, laundry room, dining room and 3 common rooms (the “Project”) to be located at 75-79 Lincoln Avenue, Newark, New Jersey 07104 (the “Property”). Each unit that is renovated using HOME Program funds must be occupied by low and moderate income households; and

WHEREAS, it is in the best interest of the City and the Department of Economic and Housing Development to establish contractual guarantees and procedures by which the City will ensure the Entity’s compliance with the requirements of the federal HOME Program for the time and in the manner set forth in the Agreement for the receipt of said HOME program funds.

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

1. The Mayor and/or his designee, the Director of the Department of Economic and Housing Development, are hereby authorized and directed to enter into and execute a Deed Restrictive Affordable Housing Agreement (the "Agreement") with Project Live, Inc. (the "Entity"), 465-475 Broadway, Newark, New Jersey 07104, for Federal HOME Program funds in the amount of Two Hundred Eighty-Six Thousand Two Hundred Fourteen Dollars and Zero Cents (\$286,214.00), to subsidize the construction costs of 10 single-resident occupancy units, 7 of which shall be HOME-assisted affordable residential housing units, to be renovated and rehabilitated (the "Project"). The site of the Project will be located at 75-79 Lincoln Avenue, Newark, New Jersey 07104 and identified on the official tax map of the City of Newark as Block 621, Lot 6 (the "Property").

2. The Director of the Department of Economic and Housing Development is hereby authorized, directed, and empowered to establish a declaration of covenants, conditions, and restrictions to ensure that the Project remains affordable for a period of twenty (20) years from the date the construction work on the Project is completed in accordance with the Agreement. Said covenants, conditions, and restrictions shall run with the land and bind the Entity and any subsequent purchasers and owners, their heirs, executors, administrators and assigns and all persons claiming by, through or under their heirs, executors, administrators, and assigns with this Agreement for a period of twenty (20) years from the date the Project is completed in accordance with the Agreement.

3. The Entity shall be responsible for the recordation of the final fully executed Agreement, Mortgage, and Security Agreement, the Note and any amendments thereto in the Office of the Essex County Register's Office.

4. That certain Mortgage and Security Agreement (the "Mortgage") and that certain Note (the "Mortgage Note") to be given by the Entity in favor of the City of Newark shall ensure compliance with all of the requirements of the HOME Program, pursuant to the HOME Program statute and regulations (24 CFR Part 92).

5. The Mortgage and the Mortgage Note are subject to the satisfaction in the sole discretion of the City of all of the terms, covenants and other conditions set forth in the Agreement, the Mortgage Note, the Mortgage and other documents and agreements executed and delivered by the Entity in connection herewith and the Project, the Mortgage made in favor of the City shall be discharged by the City upon the Maturity Date. Notwithstanding the foregoing, the loan will be required to be repaid in full earlier together with accrued interest thereon if any of the terms, covenants and other conditions of the Agreement, the Mortgage Note, the Mortgage and/or other documents and agreements executed and delivered by the Entity in connection herewith and the Project have been violated and/or breached by the Entity or the Entity otherwise defaults with respect to their respective terms, covenants and/or conditions as provided therein.

6. The Director of the Department of Economic and Housing Development is hereby authorized, directed and empowered to effectuate certain business terms and conditions related to the Agreement annexed hereto as permitted by New Jersey Law and may enter into subordination agreements, access and right of entry agreements, mortgages and other relevant documents related to this fund allocation in a form subject to the approval of the Corporation Counsel. In addition, the Director of the Department of Economic and Housing Development is hereby authorized to enter into a maximum of two six-month extensions of the term of the contract and any contract timelines and milestones, provided that any contract 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 be submitted prior to adoption) to the Newark Municipal Council by the Director of the Department of Economic and Housing Development and the approval of the Corporation Counsel.

7. Disbursement of the federal HOME program funds for the Project in the amount of Two Hundred Eighty-Six Thousand Two Hundred Fourteen Dollars and Zero Cents (\$286,214.00) shall be subject to the terms and conditions set forth in the Agreement, which is attached hereto and made a part hereof.

8. The Entity must adhere to all milestones and timelines in the Project Schedule approved by the Department of Economic and Housing Development. The project completion is further defined in the Agreement in Exhibit D. The property must conform to the City of Newark's Design and Construction Standards Guidelines for New Home Construction, including standards for environmental sustainability and energy efficiency, as established by the Department of Economic and Housing Development. Should the Entity fail to complete the project within the specified timeframe, then the City in its sole discretion, in addition to any other remedy available by the Agreement or as allowed by

law, may direct the Entity to repay all HOME program funds expended on the project back to the City.

9. The term of the Agreement shall be for a period of no less than twenty (20) years from the Completion Date (as defined in the Agreement). HOME program funds must be expended within forty-eight (48) months from the date of adoption of this authorizing resolution by the Newark Municipal Council.

10. The Entity must remain in compliance with Municipal, State, and Federal Laws including, but not limited to the City of Newark's Minority Set-Aside Ordinance (6S&Fd April 5, 1995) and its Affirmative Action Plan (7Rbp 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 Entity has agreed to employ best efforts that a minimum of 51% of the workers employed during the construction of the project shall be Newark residents.

11. Units assisted with HOME Program funds must be designated upon execution of the Agreement and must remain fixed units for the duration of the affordability period. Households seeking to occupy a HOME Program assisted unit must be certified prior to occupancy and recertified annually.

12. Attached hereto is a Certification from the Municipal Comptroller of the City of Newark which states:

- a) there are sufficient funds in the amount of Two Hundred Eighty-Six Thousand Two Hundred Fourteen Dollars and Zero Cents (\$286,214.00) for the purpose set forth herein and above; and
- b) that the line appropriation of official budget which shall be charged as follows:

Business Unit	Department	Division/Proj.	Activity	Account	Budget Ref.	Amount
NW051	G15	D15A	A	72090	B2015	\$278,061
NW051	G17	D710	A	72090	B2017	\$8,153

STATEMENT

This resolution authorizes the Mayor and/or his designee, the Director of the Department of Economic and Housing Development to enter into and execute an Affordable Housing Agreement with Project Live, Inc. for Federal HOME program funds in the amount of Two Hundred Eighty-Six Thousand Two Hundred Fourteen Dollars and Zero Cents (\$286,214.00) to subsidize the Project located at 75-79 Lincoln Avenue, Newark, New Jersey 07104. The project is to renovate and improve a two-story low-rise multi-unit boarding house, which consists of 10 single-resident occupancy units, 7 of which shall be HOME-assisted affordable housing units, 4 offices, a kitchen, laundry room, dining room and 3 common rooms. The HOME Program assisted units must remain affordable for a minimum period of twenty (20) years pursuant to the requirements under the HOME Program (24 CFR Part 92).