



## Legislation Text

File #: 13-1605, Version: 1

**AN ORDINANCE AMENDING ORDINANCE 6S&FE ADOPTED MARCH 19, 2008 GRANTING A, LONG TERM TAX ABATEMENT TO LINCOLN PARK REDEVELOPMENT URBAN RENEWAL LLC, THE OWNER OF THE RESIDENTIAL PROJECT, MORE SPECIFICALLY IDENTIFIED ON THE OFFICIAL TAX MAP AS BLOCK 116, LOTS 55 AND 62.01-62.07, MORE COMMONLY KNOWN AS 450-466 WASHINGTON STREET AND 478-480 WASHINGTON STREET, FOR THE PERIOD COMMENCING FROM THE DATE OF ISSUANCE OF THE CERTIFICATE OF OCCUPANCY AND EXPIRING TWENTY (20) YEARS THEREAFTER, TO REFLECT THE REVISED PROJECT CONSISTING OF FIVE (5) CONDOMINIUM UNITS COSTRUCTED ON BLOCK 116, LOTS 62.02, 62.03, 62.04, 62.05 AND 62.07 AND DELETING FROM THE PROJECT THE PROPERTIES LOCATED ON BLOCK 116, LOTS 55, 62.01 AND 62.06. (CENTRAL WARD)**

**WHEREAS**, on March 19, 2008, the Municipal Council of the City of Newark (the "Municipal Council") adopted Ordinance 6S&FE, granting a long term tax abatement to Lincoln Park Redevelopment Urban Renewal LLC. (the "Entity"), a corporation having its principal office at 450 Washington Street, Newark, New Jersey 07102, for the construction of a rental housing project (the "Project") on land identified on the Official Tax Map of the City of Newark as Block 116, Lots 55 and 62.01-62.07, more commonly known as 450-466 Washington Street and 478-480 Washington Street, Newark, Newark, New Jersey (the "Property") pursuant to the Long Term Tax Exemption Law, N.J.S.A. 40A:20-1 et seq (the "LTTE"); and

**WHEREAS**, the application filed by the Entity represented that the Project would consist of the construction of two buildings located at 450--466 Washington and 478-480 Washington Street. The building located at 450-466 Washington Street would consist of six mixed-income rental units and artists' lofts and the building located at 478-480 Washington Street would include one commercial unit and six market rate duplex units. The (2) buildings together would therefore create a thirteen (13) unit mixed income, mixed use, green housing project in Lincoln Park; and

**WHEREAS**, although the Entity never filed an application with the Municipal Council seeking to amend the scope of the Project, the economic downturn that occurred in 2009 severely impacted the Entity's ability to obtain the requisite construction financing and resulted in the Entity having to narrow the scope of the Project and construct only a portion of the units that were originally contemplated in the original scope of the Project; and

**WHEREAS**, the Entity is now requesting an amendment to the long term tax abatement granted for the Project in order to reflect the revised project scope; and

**WHEREAS**, the Entity represents that it has completed the construction of five (5) condominium units on the property located at Block 116, Lots 62.02, 62.03, 62.04, 62.05, and 62.07, more commonly known as 460 Washington Street, 458 Washington Street, 456 Washington Street, 454 Washington Street and 450 Washington Street (the "Revised Project") and that these units are

entitled to receive the benefit of a tax abatement; and

**WHEREAS**, the City and Lincoln Park Redevelopment Urban Renewal, LLC wish to enter into a First Amended Financial Agreement governing the Revised Project pursuant to the LTTE; and

**WHEREAS**, the properties located at Block 116, Lots 55, 62.01 and 62.06, more commonly known as 478-480 Washington Street, 462-466 Washington Street and 452 Washington Street that were previously part of the Project which received a long term tax abatement shall no longer be part of the Revised Project as they were sold to other entities and shall therefore be subject to full taxation; and

**WHEREAS**, the Municipal Council has determined that it is in the public interest to enter into the First Amended Financial Agreement for the Revised Project.

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

1. The application of Lincoln Park Redevelopment Urban Renewal LLC requesting an amendment to the long term tax abatement granted through Ordinance 6S&FE 031808 in order to reflect the Revised Project, consisting of the Five (5) condominium units constructed on Block 116, lots 62.02, 62.03, 62.04, 62.05 and 62.07, a/k/a 460, 458, 456, 454, and 450 Washington Street, Newark, New Jersey 07102, is hereby approved.

2. The Mayor of the City of Newark is hereby authorized to execute, on the City's behalf, the First Amended Financial Agreement in the form attached hereto.

3. The long term tax abatement for the First Amended Financial Agreement will commence on the Effective Date as referenced in the First Amended Financial Agreement.

4. A fully-executed copy of the First Amended Financial Agreement between the City of Newark and Lincoln Park Redevelopment Urban Renewal LLC shall be filed in the Office of the City Clerk by the Deputy Mayor/Director of the Department of Economic and Housing Development.

5. The abatement from taxation on improvements is hereby granted to Lincoln Park Redevelopment Urban Renewal LLC, with respect to the Revised Project for a term of twenty (20) years from the Effective Date, as indicated in the First Amended Financial Agreement and only so long as the Entity is subject to and complies with the First Amended Financial Agreement and the Long Term Tax Exemption Law, as amended and supplemented, and upon the further condition that the Entity does not file a petition of tax appeal for the premises on which the project is to be located.

6. The Entity shall, from the time the annual service charge on the improvements becomes effective, pay to the City the estimated quarterly service charge according to Section 4.04 of the First Amended Financial Agreement for the Revised Project until the correct amount due is determined by the auditor's report that is required to be submitted to the Director of Finance, and the City Clerk by the First Amended Financial Agreement. The annual service charge for the first year shall be 10% of the Annual Gross Revenue from the Residential Units, 10% of the Annual Gross Revenue from the Retail Units, and 15% of all other income from the Revised Project. After the auditor's report has been accepted by the City's Director of Finance, and within 90 days thereafter, the City and the Entity

will adjust any over or under payment so made or needed to be made for the particular period covered by the auditor's report.

7. The Entity shall pay the minimum annual service charge, as calculated pursuant to N.J.S.A. 40A:20-12(b)(2)(e) and the Financial Agreement, in each year in which the annual service charge, as provided in paragraph 6 above, would be less than the minimum annual service charge.

8. The following occurrences and requirements are express conditions of the granting of this amendment to the tax abatement, to be performed by the Entity, and the failure to comply with any of these requirements will result in the cancellation of the tax exemption:

- a) The Entity shall not, without prior consent of the Municipal Council, sell, lease, assign, encumber, subordinate, convey, mortgage or transfer all, or any part of the project, so as to sever, disconnect or divide the improvements from the land embraced within the project; and
- b) The Entity shall pay all outstanding taxes, municipal charges and all outstanding water and sewer charges within thirty (30) days of the adoption of this Ordinance.

9. The City Clerk's Office of the City of Newark shall forthwith submit a certified copy of the Ordinance approving the First Amended Financial Agreement to the Director of the Division of Local Government Services.

### **STATEMENT**

This Ordinance authorizes the Mayor, on the City's behalf, to execute the First Amended Financial Agreement between the City and Lincoln Park Redevelopment Urban Renewal LLC to, among other things, amend the long term tax abatement which was granted through Ordinance 6S&FE 031808 in order to reflect the Revised Project which has been constructed on Block 116, Lots 62.02, 62.03, 62.04, 62.05, and 62.07, more commonly known as 460 Washington Street, 458 Washington Street, 456 Washington Street, 454 Washington Street and 450 Washington Street and to delete the properties located at Block 116, Lots 55, 62.01 and 62.06, more commonly known as 478-480 Washington Street, 462-466 Washington Street, 452 Washington Street as these properties will not receive a long term tax abatement under this Ordinance and shall instead be subject to full taxation. (Central Ward).