



Legislation Text

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AN ORDINANCE AMENDING AND SUPPLEMENTING TITLE XLI, ZONING AND LAND USE REGULATIONS, CHAPTER 19, ESCROW FEES FOR REDEVELOPMENT MATTERS, OF THE REVISED GENERAL ORDINANCES OF THE CITY OF NEWARK, NEW JERSEY, 2000, AS AMENDED AND SUPPLEMENTED, BY AMENDING THE PREVIOUSLY ESTABLISHED PROCEDURE FOR IMPLEMENTING ESCROW FEES TO DEFRAY COSTS FOR REDEVELOPMENT PROJECTS.

WHEREAS, the Municipal Council adopted Ordinance 6PSF-a, March 16, 2016, amending Title XLI, of the City of Newark Municipal Code to include a new Chapter 19 entitled “Escrow Fees for Redevelopment Matters,” which established a process and procedure wherein potential redevelopers defray or cover the City’s administrative expenses, costs of professionals, evaluations, negotiation and approval of agreements, and other costs associated with the implementation and administration of redevelopment projects within the City of Newark, pursuant to N.J.S.A. 40A:12A-8(f) of Local Housing and Redevelopment Law; and

WHEREAS, the Administration and the Department of Economic and Housing Development have determined that there are a significant amount of redevelopment projects with the City of Newark that are under \$5,000,000.00 and that Ordinance 6PSF-a and the Funding Agreement authorized therein should be amended to allow for the collection of redevelopment escrow fees for redevelopment projects under \$5,000,000.00.

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

[NOTE: Underlined text represents additions and ~~strikethroughs~~ represent deletions]

Section 1. Title XLI, Zoning and Land Use Regulations, Chapter 19, Escrow Fees for Redevelopment Matters, of the Revised General Ordinances of the City of Newark, New Jersey, 2000, as amended and supplemented, be and the same is further amended as follows:

Section 1.1 Purpose

Pursuant to N.J.S.A. 40A:12A-8(f) of the Local Housing and Redevelopment Law, potential redevelopers with the City of Newark (“City”) shall be required to enter into a Redevelopment Escrow Funding Agreement (“Funding Agreement”) to cover the City’s administrative expenses, evaluations, negotiation and approval of agreements, and other costs associated with the implementation and administration of redevelopment projects (collectively “Redevelopment Project Costs and Expenses”) with the City. This Funding Agreement shall be a prerequisite to all Redevelopment Agreements with the City where the cost of the Redevelopment Project is as described below.

Section 1.2 Escrow Funding Agreement and Procedures

The Funding Agreement acknowledges and binds the Developer to post an escrow with the City of Newark to pay the City's Redevelopment Project Costs and Expenses. This includes, but is not limited to, all legal, engineering and planning costs associated with the redevelopment. The Director of the City's Finance Department will establish an escrow account for the Redevelopment Project. The escrow deposit will be held by the City of Newark's Finance Department, for the Department of Economic and Housing Development, and disbursed, pursuant to a Funding Agreement attached hereto and made a part of this Ordinance.

Section 1.3 Escrow Amounts

Potential Redevelopers shall be required to make payments to an escrow account to cover the City's Redevelopment Project Costs and Expenses towards the potential redeveloper's project. The initial deposit requirement and, if necessary, the amount to be replenished shall be based on the cost of the potential redeveloper's project as described below:

<u>Cost of Redevelopment Project</u>	<u>Escrow Deposit</u>
<u>Up to \$500,000.00</u>	<u>\$2,500.00</u>
<u>\$500,000.00 to \$1,000,000.00</u>	<u>\$5,000.00</u>
<u>\$1,000,000.00 to \$5,000,000.00</u>	<u>\$10,000.00</u>
Under \$5,000,000.00	—0
\$5,000,000.00 to \$15,000,000.00	\$15,000.00
\$15,000,000.00 to \$25,000,000.00	\$25,000.00
Above \$25,000,000.00	\$50,000.00

If or when the balance of the Escrow Deposit falls to or below \$5,000.00. **If, when and as often as may occur that the Escrow is drawn down to or below Five Thousand Dollars (\$5,000.00) for escrow amounts greater than Five Thousand Dollars (\$5,000.00) or is drawn down to or below One Thousand Five Hundred Dollars (\$1,500.00) for escrow amounts Five Thousand Dollars \$5,000.00 or less, the Potential Redeveloper shall be notified and shall within ten (10) days of the notification provide to the Escrow Agent an additional amount sufficient to replenish the Escrow to the amounts set forth in this Ordinance;** then the Potential Redeveloper must replenish the escrow account within thirty (30) days.

Section 2. The escrow deposit will be held by the City of Newark, and disbursed, pursuant to a Funding Agreement in the form attached hereto and made a part of this Ordinance.

Section 3. Any prior ordinances or parts thereof inconsistent herewith are hereby repealed.

Section 4. If any part of this ordinance is declared unconstitutional or illegal, the remaining provisions shall continue in full force and effect.

Section 5. This ordinance shall take effect upon final passage and publication in accordance with the laws of the State of New Jersey.

STATEMENT

This Ordinance amends Title XLI, Zoning and Land Use Regulations, Chapter 19, Escrow Fees for Redevelopment Matters, of the Revised General Ordinances of the City of Newark, New Jersey, 2000, by amending the previously established procedure for implementing escrow fees to defray costs for redevelopment projects.