



City of Newark

City Hall
920 Broad Street
Newark, New Jersey 07102

Legislation Text

File #: 20-0095, Version: 1

Dept/ Agency: Economic and Housing Development

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

Type of Service: Grant Agreement

Purpose: To grant financial assistance for the construction of four (4) two (2) family homes for a total of eight (8) units known as the Homes@ Parkwest located in the Neighborhood Development Program area.

Entity Name: Rising Plains, LLC

Entity Address: 1515 Morris Place, Hillside, New Jersey 07205-1626

Grant Amount: \$285,749.00

Funding Source: Community and Redevelopment Dedicated Trust Account/Business Unit: NW026; Dept: BS; Div/Proj.:N/A; Activity: N/A; Account: #32100; Budget Ref.: B2019

Total Project Cost: \$1,564,540.00

City Contribution: \$0.00

Other Funding Source/Amount: L&S Equities - \$1,000,000.00/Other -\$278,791.00

Grant Period: Commencing upon full execution of the Grant Agreement and expires within twenty-four (24) months of commencement of construction

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

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

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

List of Property: (if applicable)

(Address/Block/Lot/Ward)

414 South 16th Street/Block 319/Lot 18/West Ward

414 South 16th Street (Rear)/Block 319/Lot 52/West Ward

465 South 16th Street/Block 327/Lot 35/West Ward

467 South 16th Street/Block 327/Lot 36/West Ward

470 South 16th Street/Block 328/Lot 40/West Ward

478 South 16th Street/Block 328/Lot 36/West Ward

Additional Information:

WHEREAS, the Municipal Council of the City of Newark (the "Municipal Council") previously adopted Resolution 7Rdo(AS) on June 15, 2005, designating the entire City as an "area in need of rehabilitation" under the Local Redevelopment and Housing Law, N.J.S.A. 40A: 12A-1, et seq. ("LRHL"); and

WHEREAS, the Municipal Council thereafter adopted Ordinance 6S&Fc(S) on August 17, 2005, adopting the Second Amendment to the West Ward Redevelopment Plan (together with all amendments the "Redevelopment Plan") governing the redevelopment of City-owned properties located within the West Ward, which includes the above referenced properties; and

WHEREAS, on July 11, 2018, the Municipal Council adopted Resolution 7R2-c, authorizing

the City of Newark (the “City”) to enter into an Agreement for the Sale of Land and Redevelopment (the “Agreement”) with Rising Plains, LLC, 1515 Morris Place, Hillside, New Jersey 07205-1626 (the “Entity”), in accordance with N.J.S.A. 40A:12A-8(g) and the West Ward Redevelopment Plan, which included 414 South 16th Street (Block 319/Lot 18), 414 South 16th Street Rear (Block 319/Lot 52), 465 South 16th Street (Block 327/Lot 35), 467 South 16th Street (Block 327/Lot 36), 470 South 16th Street (Block 328/Lot 40), and 478 South 16th Street (Block 328/Lot 36), collectively referred to as the Properties; and

WHEREAS, the Agreement was fully executed on or about March 28, 2019, and the Properties were transferred to the Entity on or about April 2, 2019; and

WHEREAS, the Entity desires to renovate the Properties to construct four (4) two (2) family homes, with a total of eight (8) residential units (the “Project”); and

WHEREAS, the Project is located within an area in need of redevelopment as defined under the LRHL and is governed by the Redevelopment Plan; and

WHEREAS, the Project currently has a significant funding gap that must be bridged in order to make the Project financially feasible; and

WHEREAS, the Entity applied for Home Investments Partnership Program (HOME) through the City in order to assist with the funding needed for the Project; and

WHEREAS, N.J.S.A. 40A:12A-8(f) of the LRHL authorizes municipalities to provide grants to redevelopers to provide financial assistance for the performance of redevelopment activities in order to implement redevelopment projects in accordance with redevelopment plans; and

WHEREAS, the Project qualifies for financial assistance since it is located within a redevelopment area and is being performed in order to implement an approved Redevelopment Plan; and

WHEREAS, pursuant to 7Rg, adopted on November 6, 1985, the Municipal Council established the Community and Economic Development Dedicated Trust Fund for the purpose of facilitating redevelopment in the City of Newark and implementing activities eligible under Title I of the Housing and Community Development Act of 1974, as amended; and

WHEREAS, the City through the Department of Economic and Housing Development determined that the financial assistance should be provided to the Entity through the Community and Economic Development Dedicated Trust Fund instead of HOME funds since the Project is better aligned with the purpose for which the Economic Development Dedicated Trust Fund was created; and

WHEREAS, the Municipal Council recognizes the need to complete the above Project and desires to finance the issuance of a capital grant to the Entity in the amount of Two Hundred Eighty-Five Thousand Seven Hundred Forty-Nine Dollars and Zero Cents (\$285,749.00) (the “Grant”) to be used as a subsidy to develop the Project; and

WHEREAS, the City further desires to enter into a Grant Agreement with the Entity to provide them with such capital grant, in the amount of Two Hundred Eighty-Five Thousand Seven Hundred Forty-Nine Dollars and Zero Cents (\$285,749.00), for the sole purpose to complete the Project, with funds for this grant to be provided from the City's Community and Economic Development Dedicated Trust Fund and to memorialize the terms and conditions of the grant; and

WHEREAS, since the entire City is designated as an area in need of rehabilitation, pursuant to Resolution 7Rdo(AS) adopted on June 15, 2005 and the activities of the Project qualify for assistance under Title I, the Project is eligible for the grant with the use of funds from the City's Community and Economic Dedicated Trust Fund pursuant to Resolution 7Rg, adopted on November 6, 1985.

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

1. The Municipal Council hereby authorizes the use of up to Two Hundred Eighty Five Thousand Seven Hundred Forty Nine Dollars and Zero Cents (\$285,749.00) of funds from the City's Community and Economic Development Dedicated Trust Fund for the purpose of funding a grant to Rising Plains, LLC, 1515 Morris Place, Hillside, New Jersey 07205-1626, for use in connection with the rehabilitation of the Properties, more specifically to construct four (4) two (2) family houses for a total of eight (8) residential units.
2. The Mayor and/or his designee, the Director of the Department of Economic and Housing Development, are each hereby authorized to enter into and execute a Grant Agreement with the Entity, in the form attached hereto, in the amount of Two Hundred Eighty-Five Thousand Seven Hundred Forty-Nine Dollars and Zero Cents (\$285,749.00) from the City of Newark's Community and Economic Development Dedicated Trust Fund, to be used as financing assistance for the renovation of the Properties and development of the Project, which shall facilitate redevelopment of the City and implementation of related activities.
3. The Director of the Department of Economic and Housing Development is hereby authorized to establish and record a declaration of covenants, conditions and restrictions to ensure that the City shall be repaid the full amount of the Grant Funds disbursed to the Entity upon the occurrence of an event of default under the Grant Agreement by the Entity by requiring the Entity to execute a separate Mortgage and Mortgage Note, in a form subject to the approval of the City's Corporation Counsel, for the full amount of funding provided to the Entity in the Grant 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 during the term of the Grant Agreement and the City shall discharge such Mortgage and lien in connection therewith upon its issuance of a Certificate of Completion for the Project.
4. The term of the Grant Agreement shall commence on the date of full and final execution and delivery of the Grant Agreement by the Entity and the City and expire upon the City's issuance of a Certificate of Completion for the Project as provided in the Grant Agreement.
5. The Entity shall be responsible for the recordation of the final fully executed Grant Agreement and the related Mortgage and any amendments thereto in the Office of the Essex County

Register's Office.

6. The Director of the Department of Economic and Housing Development is hereby authorized to effectuate certain business terms and conditions related to the Grant Agreement as permitted by New Jersey Law and may enter into access and right of entry agreements and other relevant documents related to these fund allocations in forms subject to the approval of the Corporation Counsel. In addition, the Director of the Department of Economic and Housing Development is hereby authorized to grant, upon a showing of good cause, a maximum of two (2) six (6) month extensions of the term set forth in the Grant Agreement and any contract timelines and milestones contained therein, 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 Municipal Council by the Director of the Department of Economic and Housing Development and the approval of the Corporation Counsel. Any material modification of this agreement and/or any extension given that goes beyond the allotted two (2) permitted six (6) month extensions must be approved by the Municipal Council.
7. The Entity must adhere to all milestones and timelines in the Project Schedule as further set forth in the Grant Agreement. The Project must conform to the City of Newark 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 time frame set forth in the Grant Agreement, then the City, in its sole discretion, in addition to any other remedy available by the Grant Agreement or as allowed by law, may direct the Entity to repay all funding authorized in the Grant Agreement.
8. The Entity must remain in compliance with all Municipal, State and Federal laws including, but not limited to the City of Newark's Minority Set-Aside Ordinance (6S&Fd adopted on April 4, 1995) and its Affirmative Action Plan, (7Rbp adopted on March 1, 1995) and Federal Executive Order 11246 (as amended by Executive Orders 11375 and 12086) with respect to the award of goods and services, as may be amended from time to time. The Entity has agreed that it will utilize its best efforts to ensure that a minimum of 40% of the workers employed during the construction of the Project shall be Newark residents and that 30% of all contractors, subcontractors and suppliers shall be Newark companies.
9. Attached hereto are two (2) Certification of Funds, which shall be filed in the Office of the City Clerk, from the Director of Finance, which states that: 1) there are sufficient funds in the amount of Two Hundred Eighty-Five Thousand Seven Hundred Forty-Nine Dollars and Zero Cents (\$285,749.00); and 2) that the line appropriation of the Official Budget, which shall be charged is as follows:

Bus Unit	Dept. ID	Div/Proj	Activity	Account #	Bud Ref.
NW026	BS	N/A	N/A	32100	B2019
10. A copy of the fully executed Grant Agreement, the Mortgage Note and the recorded Mortgage must be placed on file in the Office of the City Clerk by the Director of the Department of Economic and Housing Development.

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 a Grant Agreement with Rising Plains, LLC, 1515 Morris Place, Hillside, New Jersey 0720-1626, in the form attached hereto, for Grant Funds in the amount of Two Hundred Eighty-Five Thousand Seven Hundred Forty-Nine Dollars and Zero Cents (\$285,749.00) from the City of Newark Community and Economic Development Dedicated Trust Fund in order to subsidize the costs necessary for the redevelopment and/or rehabilitation of four (4) two (2) family houses, for a total of eight (8) residential units.