



Legislation Text

File #: 21-0665, Version: 1

Dept./ Agency: Economic and Housing Development

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

Type of Service: Private Sale/Redevelopment

Purpose: An Agreement to subordinate the City's Reverter Rights by entering into a First Amended Redevelopment Agreement and a Subordination Agreement in order to permit financing necessary for the redevelopment of three (3) two-family duplex style market rate homes.

Entity Name: A Brick At A Time, LLC

Entity Address: 490 East Kennedy Boulevard, Lakewood, New Jersey 08701

Sale Amount: \$0.00

Cost Basis: () \$ PSF () Negotiated (X) N/A () Other:

Assessed Amount: \$0.00

Appraised Amount: \$0.00

Contract Period: Not Applicable

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)

174 Scheerer Avenue/Block 3665/Lot 41/South Ward

171-173 Shephard Avenue/Block 3665/Lot 72/South Ward

421-423 Clinton Place/Block 3717/Lot 51/South Ward

Additional Information:

Resolution 7R2-a adopted on July 22, 2020, authorized the Sale and Redevelopment Agreement.

WHEREAS, pursuant to Resolution 7R2-a, adopted on July 22, 2020, the Mayor and the Deputy Mayor/Director of the Department of Economic and Housing Development were authorized to enter into and execute a Redevelopment Agreement with A Brick At A Time, LLC for the sale of land owned by the City of Newark located at 174 Scheerer Avenue, 171-173 Shephard Avenue, and 421-423 Clinton Place, Newark, New Jersey 07108 (the "Properties"), and identified on the official tax map of the City as Block 3665, Lot 41, Block 3665, Lot 72, and Block 3717, Lot 51 respectively, for a purchase price of Ninety Thousand One Hundred Sixty Dollars and Zero Cents (\$90,160.00), so that A Brick At A Time, LLC may construct two (2) two-family homes on the vacant land and rehabilitate the existing residential structure to create market rate and affordable for-sale housing; and

WHEREAS, such sale was authorized pursuant to N.J.S.A. 40A:12-13 which requires that such conveyance be subject to the condition that title to the Property revert back to the City in the event of a Default as defined in the Redevelopment Agreement (the "Reverter Right"); and

WHEREAS, A Brick At A Time, LLC, has secured construction and permanent financing from Community Loan Fund of New Jersey, Inc., in the approximate principal amount of \$1,270,000.00 (the "Loan"), to develop the Project, which Loan will be evidenced by a Promissory Note in the

principal amount, and will be secured by a mortgage on the Properties; and

WHEREAS, as a condition of the above Loan, the Lender has requested that the City subordinate its Reverter Rights to the Mortgage; and

WHEREAS, N.J.S.A. 40:60-51.2 provides: “Any municipality is authorized and empowered, by resolution of the Governing Body thereof, to waive, release, modify or subordinate any terms, covenants, conditions, limitations or reverters imposed in sales and conveyances of lands as to the erection, alteration or demolition of buildings or any other use to be made of land heretofore imposed by said municipality to accomplish the purposes for which such lands were sold and conveyed either at public or private sale including those set forth pursuant to Section 21 of P.L.1971, c. 199 (C.40A:12-21), but only after public hearing held before such Governing Body, of the holding of which notice describing the lands in question, and the terms, covenants, conditions, limitations or reverters to be waived, released, modified or subordinated, and, if to be modified or subordinated, describing the manner in which the same shall be modified or subordinated, shall first have been given by advertisement published once each week for two weeks in a newspaper published in said municipality or, if no newspaper be published therein, then in a newspaper circulating in such municipality, provided, however, that the power herein granted shall not be exercised to impair any vested or contractual rights of third parties”; and

WHEREAS, the Mayor and/or his designee, the Deputy Mayor/Director of the Department of Economic and Housing Development, determined that the Project is in the best interest of the City and recommend modifying the Right of Reverter contained in the Redevelopment Agreement and the deed by entering into a First Amended Redevelopment Agreement and a Subordination Agreement, so as to accomplish the Project.

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

1. The Mayor of the City of Newark and/or his designee, the Deputy Mayor/Director of the Department of Economic and Housing Development is hereby authorized to enter into and execute a Subordination Agreement with the Lender, and a First Amended Redevelopment Agreement with the Redeveloper, in the form attached hereto or such other forms reasonably acceptable to the parties, related to the properties located at 174 Scheerer Avenue, 171-173 Shephard Avenue, and 421-423 Clinton Place, Newark, New Jersey 07108 and identified on the Official Tax Map of the City of Newark, as Block 3665, Lot 41, Block 3665, Lot 72, and Block 3717, Lot 51 respectively, which are located in the South Ward, to permit construction of two (2) two-family homes on the vacant land and rehabilitation of the existing residential structure to create market rate and affordable for-sale housing.
2. The Deputy Mayor/Director of the Department of Economic and Housing Development shall place a filed copy of the fully executed Subordination Agreement and First Amended Redevelopment Agreement with the Office of City Clerk.

STATEMENT

This resolution authorizes the Mayor of the City of Newark and/or Deputy Mayor/Director of

the Department of Economic and Housing Development, in accordance with N.J.S.A. 40:60-51.2, to subordinate the City's reverter rights, through the execution of a Subordination Agreement and a First Amended Redevelopment Agreement, to permit financing necessary for construction of two (2) two-family homes on the vacant land and rehabilitation of the existing residential structure to create market rate and affordable for-sale housing on the properties located at 174 Scheerer Avenue, 171-173 Shephard Avenue, and 421-423 Clinton Place, Newark, New Jersey 07108, and identified on the Official Tax Map of the City of Newark, as Block 3665, Lot 41, Block 3665, Lot 72, and Block 3717, Lot 51 respectively, located in the South Ward.