



City of Newark

City Hall
920 Broad Street
Newark, New Jersey 07102

Legislation Text

File #: 15-1720, Version: 1

Dept/ Agency: Economic & Housing Development

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

Type of Service: Private Sale/Redevelopment

Purpose: Agreement to subordinate the City's mortgage and reverter rights to permit financing necessary for the redevelopment of a mixed-use affordable rental housing project

Entity Name: Carrino Plaza Apartments, LLC

Entity Address: 1055 Sawmill River Road, Suite 204, Ardsley, New York 10502

Sale Amount: \$800,000.00 (\$80,000.00 cash plus \$720,000.00 mortgage in favor of the City)

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

Assessed Amount: \$

Appraised Amount: \$

Contract Period: Term of City Loan is Forty-Two (42) years

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

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

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

List of Property:

(Address/Block/Lot/Ward)

416-426 Broadway / Block 613/ Lot 1/North Ward

Additional Information:

Resolution 7R3-I 102913, Authorized Sale and Redevelopment Agreement

Resolution 7R3-C 021914, Authorized First Amendment To RDA Agreement

Resolution 7R3-H 102913, Authorized the Tax Abatement Agreement

WHEREAS, pursuant to Resolution 73R-I adopted on October 29, 2013 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 Carrino Plaza Apartments, LLC for the sale of land owned by the City located at 416-426 Broadway, Newark, New Jersey 07104 and identified on the official tax map of the City as Block 613, Lot 1, for a purchase price of Eight Hundred Thousand Dollars (\$800,000.00), with \$80,000.00 cash and a \$720,000.00 mortgage in favor of the City so that Carrino Plaza Apartments, LLC may construct 60 affordable housing units and approximately 6,395 square feet of retail space and associated parking and amenities on the property; 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, Carrino Plaza Apartments, LLC has secured construction and permanent financing from New Jersey Housing and Mortgage Finance Agency ("NJHMFA"), Love Funding Corporation, and TD Bank, N.A. or affiliates (the "Lenders") in the following approximate principal amounts:

NJHMFA: \$10,470,000.00
Love Funding Corporation: \$6,388,300.00
TD Bank, N.A.: \$9,700,000.00
NJHMFA: \$1,000,000.00

(collectively, the “Loans”), to develop the Project, which Loans will be evidenced by a Promissory Notes in the respective principal amounts, and will be secured by mortgages on the Property; and

WHEREAS, as a condition of the above Loans, the Lenders have requested that the City subordinate the Reverter Rights to each Mortgage; and

WHEREAS, pursuant to N.J.S.A. 40:60-51.2, “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 interests of the City and recommend subordinating the City’s mortgage and making a modification to the Right of Reverter contained in the Redevelopment Agreement and the deed, 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 and/or his designee, the Deputy Mayor/Director of the Department of Economic and Housing Development is hereby authorized to enter into one or more subordination agreements with the Lenders, in the forms attached hereto or such other forms reasonably acceptable to the parties, related to the property located at 416-426 Broadway, Newark, New Jersey, as shown on the official tax map of the City as Block 613, Lot 1 (the “Property”), which is located in the North Ward, to permit the construction of a four (4) story mixed-use building consisting of sixty (60) residential units, 6,395 square feet of commercial/retail space, and associated parking for affordable housing.
2. Notice in accordance with N.J.S.A. 40:60-51.2 of the subordination of the City’s purchase money mortgage and reverter rights to the Property has been duly given by publication as required by law and holding a public hearing on said resolution at a Special Meeting of the Municipal Council on Tuesday, November 24, 2015, , in the

Council Chamber located at City Hall, 920 Broad Street, Newark, New Jersey.

3. The Deputy Mayor/Director of the Department of Economic and Housing Development shall place a filed copy of the fully executed subordination agreements with the Office of City Clerk.

STATEMENT

Adoption of this resolution shall, in accordance with N.J.S.A. 40:60-51.2, authorize the Mayor and/or Deputy Mayor/Director of the Department of Economic and Housing Development, to subordinate the City's purchase money mortgage and reverter rights, to permit financing necessary for the construction of a four (4) story mixed-use building consisting of sixty (60) residential units, 6,395 square feet of commercial/retail space, and associated parking on the property located at 416-426 Broadway, Newark, New Jersey, as shown on the official tax map of the City as Block 613, Lot 1, located in the North Ward.