



Legislation Text

File #: 19-0039, Version: 1

AN ORDINANCE GRANTING A THIRTY (30) YEAR TAX ABATEMENT TO WEEQUAHIC PRESERVATION LLC, HAVING ITS PRINCIPAL OFFICE AT 1865 PALMER AVENUE, SUITE 203, LARCHMONT, NEW YORK 10538, FOR A PROJECT TO REHABILITATE TWO HUNDRED SIXTY-EIGHT (268) UNITS OF AFFORDABLE HOUSING LOCATED AT 507-519 ELIZABETH AVENUE IN THE SOUTH WARD IN NEWARK AND IDENTIFIED ON THE CITY'S TAX MAPS AS BLOCK 3637, LOT 106.

WHEREAS, Weequahic Preservation LLC, 1865 Palmer Avenue, Suite 203, Larchmont, New York 10538 (the "Entity"), filed an application with the City of Newark (the "City") seeking a long term tax abatement pursuant to the New Jersey Housing and Mortgage Finance Agency Law of 1983, as amended and supplemented (N.J.S.A. 55:14K-1 et seq., (the "HMFA Law"), for a thirty (30) year term for a project to rehabilitate two hundred sixty-eight (268) units of affordable housing located at 507-519 Elizabeth Avenue, Newark, New Jersey and identified on the City's tax maps as Block 3637, Lot 106 (South Ward) (the "Project"); and

WHEREAS, the Mayor has submitted the application and proposed Financial Agreement to the Municipal Council with his recommendation thereof, a copy of which is annexed hereto; and

WHEREAS, in accordance with Ordinance 6PSF-a, adopted May 4, 2011, Weequahic Preservation, LLC has filed with the City a sworn statement that it has not made any contribution in violation of said ordinance; and

WHEREAS, the City has determined that the relative benefits of this Project outweigh any costs associated with this tax exemption and that without the tax abatement granted herein, the Project would not be undertaken.

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

1. The application of Weequahic Preservation, LLC, 1865 Palmer Avenue, Suite 203, Larchmont, New York 10538 (the "Entity"), for the rehabilitation of the Project described in the application is hereby approved in accordance with the recommendation of the Mayor to rehabilitate two hundred sixty-eight (268) units of affordable housing located at 507-519 Elizabeth Avenue, Newark, New Jersey and identified on the City's tax maps as Block 3637, Lot 106 (South Ward) (the "Project").

2. The abatement from taxation on improvements is hereby granted to the Entity for a period of thirty (30) years pursuant to HMFA Law (N.J.S.A. 55:14K-1 et seq.), but shall not extend beyond the date in which the HMFA loan for the Project is paid in full, and the Entity shall be subject to the provisions and conditions of the HMFA Law and the Financial Agreement annexed hereto.

3. The Mayor of the City of Newark is hereby authorized and directed to execute and enter into, on the City's behalf, the Financial Agreement in the form attached hereto.

4. The Director of the Department of Economic and Housing Development shall file an executed copy of the Financial Agreement authorized by this ordinance in the Office of the City Clerk.

5. The Project, when completed, will conform with all State laws and ordinances of the City of Newark relating to its construction and use.

6. The Affirmative Action Program now on file in the Office of the City Clerk is declared to be a material condition of the Financial Agreement authorized by this ordinance.

7. The Entity shall in the operation of the Project comply with all laws so that no person shall be subject to any discrimination because of race, religious principles, color, national origin, or ancestry.

8. The Entity shall file an employment report (herein described below) with the Office of Affirmative Action who shall forthwith after receiving the report send a copy thereof to the City Clerk and the Office of Affirmative Action shall forthwith investigate the matters contained therein and report its findings to the Municipal Council.

9. The annual service charge shall be based on a range of 6.5% to 7.5% of the Annual Gross Revenues generated from the Project for up to thirty (30) years as further set forth in the Financial Agreement.

10. The Entity shall pay the minimum annual service charge, as calculated pursuant to the Financial Agreement, in each year in which the annual service charge, as provided in paragraph 9 above, would be less than the minimum annual service charge.

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

(a) The Entity shall not, without prior consent of the Municipal Council of the City of Newark, 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;

(b) The Entity, pursuant to the Revised City Ordinance 10:24-1 et seq., as amended, shall be deemed to agree that if the Entity operates, controls or manages the Project, that it will make its Best Efforts (as defined in the Financial Agreement) to achieve the goal of having 51% of all new jobs arising out of the businesses conducted on the Project site after the issuance of the Certificate of Occupancy and during the continuation of the tax exemption, dedicated to Newark residents, of which a goal of 51% of such all new employees shall be minority residents;

(c) The Entity shall concomitantly attach an employment report under oath, with particulars, stating the manner and the extent to which it has complied with this requirement. This employment report shall be filed with the Director of Finance, the City Clerk, and the Director of the Department of Economic and Housing Development;

(d) The Entity shall pay all outstanding taxes and all outstanding water and sewer charges within thirty (30) days of the adoption of this ordinance and/or prior to the execution of this Ordinance and Financial Agreement, whichever comes first;

(e) The Entity shall pay full taxes on the Project until the annual service charge becomes effective;

(f) The Entity shall submit to the City a copy of its formation documents;

(g) The Entity shall secure all financing prior to the commencement of any construction;

(h) The Entity shall receive a favorable review and certification from the appropriate City departments and agencies, pursuant to City Ordinance 6S&Fd, adopted October 21, 1992, as amended.

12. In any year that the Entity shall fail to make four (4) consecutive land tax payments when due and owing, such delinquency shall render the Entity ineligible for any land tax credits against the annual service charge.

13. The Entity shall submit to the City of Newark's Department of Economic and Housing Development, or its assigned agent, all documentation which it is required to submit and maintain in accordance with the terms and conditions of the financing to be provided by the HMFA and all other sources of funding received.

14. The Entity shall submit to the Office of the City Clerk and Department of Economic and Housing Development copies of the mortgage and all other loan documents executed between the Entity and the HMFA within 30 days of the closing.

15. The Entity understands and agrees that the revenue projections set forth in the application are estimates and that the actual payments in lieu of taxes to be paid by the Entity to the City shall be determined pursuant to the Financial Agreement to be executed between the Entity and the City of Newark.

16. To the extent of any inconsistency with any prior City ordinance and/or Municipal Code provision governing the granting of long-term tax exemptions, including, inter alia, procedures for application, review and approval, required terms of the Financial Agreement, required conditions and covenants, limits on duration, means of enforcement, and all other matters whatsoever, such prior City ordinances and/or Municipal Code provisions are hereby waived, but only with respect to this Ordinance.

17. This Ordinance shall take effect upon final passage and publication in accordance with the laws of the State of New Jersey.

STATEMENT

This Ordinance grants a long term tax abatement to Weequahic Preservation LLC, 1865 Palmer Avenue, Suite 203, Larchmont, New York 10538, for a thirty (30) year term, for a project to rehabilitate two hundred sixty-eight (268) units of affordable housing located at 507-519 Elizabeth Avenue, Newark, New Jersey and identified on the City's tax maps as Block 3637, Lot 106 (South Ward).