



Legislation Text

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AN ORDINANCE AUTHORIZING THE TRANSFER OF CERTAIN CITY OF NEWARK OWNED PROPERTIES TO INVEST NEWARK, PURSUANT TO THE HOMEOWNERSHIP REVITALIZATION PROGRAM TO BE DEVELOPED AND OWNED BY NEWARK RESIDENTS.

WHEREAS, by Ordinance 6PSF-c, adopted on May 3, 2023, (the “Ordinance”) codified in the City’s Municipal Code as § 2:10-10, the Municipal Council established the Homeownership Revitalization Program (the “Program”) within the Department of Economic and Housing Development (the “Department”); and

WHEREAS, the Program was established as a way to promote the transfer of vacant lots and residential properties acquired by the City of Newark (the “City”) through *in rem* foreclosures to Newark resident buyers who intend to construct a one, two, three, or four-unit residential structure(s) on the transferred property, pursuant to the terms and conditions of the Program; and

WHEREAS, pursuant to the Ordinance, the Program is to be administered by the Deputy Mayor/Director of the Department of Economic and Housing Development (the “EHD Director”) and/or her designee or an administrative agent that is contracted by the City (the “Program Administrator”); and

WHEREAS, the EHD Director wishes to work with Invest Newark and the Neighborhood Assistance Corporation of America (“NACA”), to assist the City with administration of the Program and ensure that the properties transferred by the City to Invest Newark under the Program are developed in a manner that is consistent with the Program; and

WHEREAS, Invest Newark is a New Jersey non-profit corporation which is the primary economic development catalyst for the City and was organized in 2007 by the City to spur real estate development throughout the City’s diverse neighborhoods; and

WHEREAS, NACA is a non-profit, community advocacy and homeownership organization with a primary goal of building strong, healthy neighborhoods in urban and rural areas nationwide through affordable homeownership by providing housing, financial, and construction counseling for homebuyers including, but not limited to, providing financing for any necessary repairs/renovations or for new construction, in addition to working with homebuyers every step of the way through their renovation and new construction projects to ensure their success; and

WHEREAS, the Ordinance establishing the Program allows for the Program to be carried out through the City of Newark Land Bank, which was established through Ordinance 6PSF-g, adopted by the Municipal Council on October 16, 2019, pursuant to the New Jersey Land Bank Law, P.L. 2019, c. 159, N.J.S.A. 40A:12A-74, et seq., (the “Act”); and

WHEREAS, the Act provides that a land banking agreement may authorize the land bank entity to maintain, rehabilitate, lease, or convey municipal property without having to comply with the provisions of the “Local Lands and Buildings Law” N.J.S.A. § 40A:12-1 et. seq.; and

WHEREAS, the Act further provides that a municipality may convey municipally-owned property and assign municipally-owned liens to the land bank entity; and

WHEREAS, pursuant to Ordinance 6PSF-g, the land banking agreement shall establish the responsibilities of the land bank entity and shall specify the terms and conditions under which the land bank entity may acquire property on behalf of the City of Newark, demolish and otherwise clear buildings and conduct other site improvements located on the property, maintain and secure the property, conduct other activities on the property, and, notwithstanding the provisions of the "Local Lands and Buildings Law," N.J.S.A. 40A:12-1 et. seq., lease or convey property held on behalf of the City of Newark; and

WHEREAS, the Municipal Council adopted Ordinance 6PSF-a on April 7, 2020 designating Invest Newark as the Land Bank Entity for the City and authorized the City to enter into a Land Bank Agreement with Invest Newark; and

WHEREAS, the Land Bank Agreement (the “Agreement”) was fully executed by the City of Newark and Invest Newark on December 10, 2020 and a copy of same is affixed hereto as Exhibit A; and

WHEREAS, pursuant to Section 5.01(a) of the Agreement, Invest Newark’s initial acquisition of various City properties was subject to said properties not being sold from an auction conducted by the City; and

WHEREAS, the City completed its initial transfer of properties to Invest Newark after said properties were not sold at a public auction; and

WHEREAS, pursuant to Section 5.01(b) of the Agreement, the City can transfer additional properties to Invest Newark without said properties being subject to a public auction; and

WHEREAS, on November 5, 2020, the Municipal Council adopted Ordinance 6PSF-e on October 21, 2020 authorizing the execution of a Trust Agreement between the City of Newark and Invest Newark to hold properties in trust on behalf of the City of Newark (the “Trust Agreement”), a copy of which is affixed hereto as Exhibit B; and

WHEREAS, the City has determined that the City-owned properties identified in Exhibit C and their continued presence and proliferation have a negative effect on the public health and welfare in the City; reduce property values and municipal revenues; impede economic development and revitalization of the City; and continue to have a blighting effect on their surroundings; and

WHEREAS, the City has determined that it is in the best interest of the City to transfer the City-owned properties identified in Exhibit C to Invest Newark who, as the City’s Land Bank Entity and Program Administrator with NACA, is in the best position to ensure that these properties are developed in a manner that provides the greatest long-term benefit to the physical, social and economic condition of the City of Newark and its residents pursuant to the Program; and

WHEREAS, Invest Newark shall hold said properties in trust on behalf of the City and subsequently sell, convey, devise or transfer the properties identified in Exhibit C, pursuant to an agreement to be entered into by and between Invest Newark and the successful applicant participating in the Program, which ensures that the properties, after transfer are developed in a manner that is consistent with the terms and conditions of the Program; and

WHEREAS, the City has further determined that transfer of the properties identified in Exhibit C shall be subject to the terms and conditions of a quit claim deed in a form substantially consistent with the one attached hereto as Exhibit D containing a right of reverter to Invest Newark and other deed restrictions that shall run with the land to ensure that the transferred properties are developed in a manner that is consistent with the terms and conditions of the Program.

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

1. The Recitals set forth above are incorporated herein as if set forth at length.

2. The properties identified in Exhibit C hereto shall be and are hereby authorized to be transferred to Invest Newark as the Land Bank Entity and Program Administrator with NACA, who, in coordination with NACA, shall hold said properties and subsequently sell, convey, devise or transfer said properties to third parties, pursuant to an Agreement by and between Invest Newark and the successful applicant participating in the Program, which ensures that the properties, after transfer, are developed in a manner that is consistent with the terms and conditions of the Program.

3. The Deputy Mayor/EHD Director shall be and are hereby authorized to enter into execute any and all documents which may be necessary in order to effectuate the Land Bank Agreement through the transfer of the properties to Invest Newark under the Program.

4. The Quitclaim Deed, in a form substantially consistent with the one attached hereto as Exhibit D, conveying title to the properties identified in Exhibit C to Invest Newark shall be approved as to form and legality by the City's Corporation Counsel and attested to and acknowledge by the City Clerk.

5. This Ordinance, the Quitclaim Deed and all additional executed agreements related to the sale and development of the properties under the Program shall be placed on file in the Office of the City Clerk by the EHD Director.

STATEMENT

This Ordinance authorizes the Mayor of the City of Newark, and/or his designee, the Deputy Mayor/Director of the Department of Economic and Housing Development to execute any and all documents which may be necessary in order to effectuate the transfer of the properties identified in Exhibit C to Invest Newark as the Land Bank Entity and Program Administrator with NACA, who in coordination with NACA, shall hold said properties in trust on behalf of the City and subsequently sell, convey, devise or transfer said properties to third party parties, pursuant to an Agreement by and between Invest Newark and the successful applicant participating in the Program which ensures that

the properties, after transfer, are developed in a manner that is consistent with the terms and conditions of the Program.