



Legislation Text

File #: 21-0023, Version: 1

Dept/ Agency: Economic and Housing Development

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

Type of Service: Amendment to Affordable Housing Agreement
authorized by Resolution 7R2-h (AS) adopted on February 19, 2020

Purpose: Authorizing the execution and delivery of an Amended and Restated Deed Restrictive
Affordable Housing Agreement to Jelliff Senior Estates Urban Renewal, LLP.

Entity Name: Jelliff Senior Estates Urban Renewal, LLP

Entity Address: 71 Lake Avenue, Colonia, New Jersey 07067

Grant Amount: \$500,000.00

Funding Source: Federal HOME Funds

Contract Period: Twenty-four (24) months

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: (if applicable)

(Address/Block/Lot/Ward)

226-230 Jelliff Avenue/Block 2681/Lots 31, 32/South Ward

220-224 Jelliff Avenue/Block 2681/Lot 34/South Ward

Additional Information:

Original Resolution 7R2-h(AS) adopted on February 19, 2020.

Project: The construction of a project upon real property located at 226-230 Jelliff Avenue, Newark, New Jersey (South Ward) (Block 2681, Lots 31 and 32), and 220-224 Jelliff Avenue, Newark, New Jersey (South Ward) (Block 2681, Lot 34) and consisting of fifty (50) affordable housing units for senior citizens in a rental housing project known as "Jelliff Senior Estate Apartments".

WHEREAS, the City of Newark, New Jersey (the "City"), desires to enter into an Amended and Restated Deed Restrictive Affordable Housing Agreement (the "HOME Agreement") with the Jelliff Senior Estates Urban Renewal LLP (the "Entity") 71 Lake Avenue, Colonia, New Jersey 07067; and

WHEREAS, the City desires to provide the Entity with Federal HOME program funds in the form of a deferred interest-bearing loan for a period of thirty (30) years pursuant to the HOME Program (24 CFR part 92) and any amendments thereto (the "HOME Loan"); and

WHEREAS, the HOME Agreement is for the amount of Five Hundred Thousand Dollars and Zero Cents (\$500,000.00) in Federal HOME Program funds for the Project to be located at 226-230 Jelliff Avenue, Newark, New Jersey (South Ward) and identified on the Official Tax Map of the City of Newark, as Block 2681, Lots 31 and 32, and 220-224 Jelliff Avenue, Newark, New Jersey (South Ward), and identified on the Official Tax Map of the City of Newark, as Block 2681, Lot 34, respectively (collectively, the "Property"), consisting of fifty (50) affordable senior housing units (collectively, the "Project"). The HOME Program funds authorized hereby shall be used to assist the Entity with the construction costs of ten (10) affordable senior housing units which must be occupied

by very low-income households; and

WHEREAS, the HOME program funds authorized by this resolution in the amount of Five Hundred Thousand Dollars and Zero Cents (\$500,000.00) are only being made available to the Entity; and

WHEREAS, on February 19, 2020, the Municipal Council authorized, directed and empowered the Mayor and/or his designee, the Deputy Mayor/Director of the Department of Economic and Housing Development (Resolution 7R2-h (AS)) to enter into and execute a Deed Restrictive Affordable Housing Agreement with the Entity for the payment of HOME Funds in the amount of Five Hundred Thousand Dollars and Zero Cents (\$500,000.00) to the Entity under the HOME Program in order to subsidize certain of the construction costs of the Project which provided for, among other things, a thirty (30) year period of affordability and a deferred interest-bearing loan in the amount of Five Hundred Thousand Dollars and Zero Cents (\$500,000.00) from HOME Funds (the "Original HOME Agreement"); and

WHEREAS, as a result of various unforeseen delays beyond the control of the Redeveloper, certain modifications to the repayment obligations of the HOME Loan and to ensure that construction of the Project continues and completion remains feasible, the Redeveloper has requested and the City has agreed to amend and restate the Original HOME Agreement to: (i) extend the time to commence construction of the Project to March 15, 2021; (ii) change the nature of the HOME Loan from a forgivable loan to a repayable loan; and (iii) certain other changes pursuant to the terms of the HOME Agreement and the other agreements and documents executed and delivered in connection with the Project; and

WHEREAS, the Municipal Council determined that it is in the best interests of the City of Newark and its residents for the Project to be constructed and authorized the execution and delivery of the Amended and Restated Deed Restrictive Affordable Housing Agreement ("HOME Agreement"), which supersedes and replaces all of the terms and conditions of the Original HOME Agreement, Amended and Restated Note, and Amended and Restate Mortgage and Security Agreement.

NOW, THEREFORE BE IT ORDAINED 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, are hereby authorized to enter into and execute an Amended and Restated Deed Restrictive Affordable Housing Agreement (the "HOME Agreement"), Amended and Restated Note, and Amended and Restated Mortgage and Security Agreement with Jelliff Senior Estates Urban Renewal LLP (the "Entity"), 71 Lake Avenue, Colonia, New Jersey 07067 to: (i) extend the time for commencement of construction of the Project to March 15, 2021; (ii) change the nature of the HOME Loan from a forgivable loan to a repayable loan; and (iii) certain other changes as set forth in the HOME Agreement.

2. The Deputy Mayor/Director of the Department of Economic and Housing Development is hereby authorized, directed and empowered to take any and all such further action to ensure that the Project continues to remain affordable for a period of thirty (30) years. Said covenants, conditions and restrictions shall continue to 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 with the HOME Agreement, as

amended and restated hereby, for a period of thirty (30) years.

3. The HOME Agreement, Amended and Restated Note, and Amended and Restated Mortgage and Security Agreement given by the Entity in favor of the City and all other documents and/or agreements executed by the Entity in connection with the HOME Agreement and the Project shall continue to ensure compliance with all of the requirements of the HOME program, pursuant to the HOME program statute and regulations (24 CFR Part 92).

4. The Deputy Mayor/Director of the Department of Economic and Housing Development is hereby authorized, directed and empowered to effectuate all such business terms and conditions related to the HOME Agreement, as amended and restated hereby, including, without limitation, the execution and delivery of that certain Amended and Restated Note and Amended and Restated Mortgage and Security Agreement, annexed hereto, which the Entity granted to the City to secure its obligations under the HOME Agreement, as permitted by New Jersey Law and may enter into any other relevant documents related to these matters in a form subject to the approval of the City's Corporation Counsel.

5. The Redeveloper must continue to remain in full compliance with Municipal, State and Federal laws including, but not limited to the City of Newark's Minority Set-Aside Ordinance (6S&Fd adopted on April 5, 1995) and its Affirmative Action Plan (7Rp 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. The Redeveloper has agreed 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.

6. The Entity shall be responsible for the recordation of the final fully executed HOME Agreement, Mortgage and Security Agreement, the Note and any amendments thereto in the Essex County Register's Office.

7. The principal amount of the loan will be required to be repaid in full with accrued and unpaid interest at the end of the thirty (30) year affordability period or earlier if any of the terms, covenants and other conditions of the HOME Agreement and/or other documents and agreements executed and delivered by the Entity in connection herewith and the Project have been violated and/or breached by the Entity or the Entity otherwise defaults with respect to their respective terms, covenants and/or conditions as provided therein.

8. The Deputy Mayor/Director of the Department of Economic and Housing Development is hereby authorized, directed and empowered to effectuate all such other business terms and conditions related to the HOME Agreement annexed hereto as permitted by New Jersey Law and may enter into subordination agreements, access and right of entry agreements, mortgages and other relevant documents related to this fund allocation in a form subject to the approval of the City's Corporation Counsel.

9. In addition, the Deputy Mayor/Director of the Department of Economic and Housing Development is hereby authorized to enter into a maximum of two (2) six (6) month extensions of the term of the contract and any contract timelines and milestones, 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 Deputy Mayor/Director of the Department of Economic and Housing Development and the approval of the City's Corporation Counsel.

10. Disbursement of the Federal HOME program funds for the Project in the amount of Five Hundred Thousand Dollars and Zero Cents (\$500,000.00) shall be subject to the terms and conditions set forth in the HOME Agreement, which is attached hereto and made a part hereof.

11. The Entity must adhere to all milestones and timelines in the Project Schedule approved by the Department of Economic and Housing Development. The Project completion is further defined in the HOME Agreement in Exhibit D. The property 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 timeframe, then the City, in its sole discretion, in addition to any other remedy available by the HOME Agreement or as allowed by law, may direct the Entity to repay all HOME program funds expended on the Project back to the City of Newark.

12. The term of the HOME Agreement shall be for a period of two (2) years from the date of adoption of this authorizing Resolution by the Municipal Council. HOME program funds must be expended within forty-eight (48) months from the date of adoption.

13. HOME program funds authorized by this resolution in the amount of Five Hundred Thousand Dollars and Zero Cents (\$500,000.00) are only being made available to the Entity.

14. Units assisted with HOME program funds must be designated upon execution of the HOME Agreement and must remain fixed units for the duration of the affordability period. Households seeking to occupy a HOME assisted unit must be certified prior to occupancy and recertified annually.

15. Attached hereto is a Certification from the Municipal Comptroller of the City of Newark, which states:

- a) there are sufficient funds in the amount of Five Hundred Thousand Dollars and Zero Cents (\$500,000.00) for the purpose set forth herein and above; and
- b) that the line appropriation of the official budget, which shall be charged is as follows:

Business Unit	Department	Division/Proj.	Activity	Account#	Budget Ref.	Amount
NW051	G17	D1710	A	72090	B2017	500,000.00

STATEMENT

This resolution authorizes the Mayor and/or his designee, the Deputy Mayor/Director of the Department of Economic and Housing Development to enter into and execute an Amended and

Restated Deed Restrictive Affordable Housing Agreement, Amended and Restated Note, and Amended and Restated Mortgage and Security Agreement with Jelliff Senior Estates Urban Renewal LLP, 71 Lake Avenue, Colonia, New Jersey 07067, for Federal HOME program funds in the amount of \$500,000.00 to subsidize the construction and development costs for the construction and development of the Project to be located on the property located at 226-230 Jelliff Avenue and 220-224 Jelliff Avenue and identified on the Official Tax Map of the City of Newark, as Block 2681, Lots 31, 32, and 34, and consisting of fifty (50) owner-occupied residential affordable housing units. The HOME Program funds authorized hereby shall be used to assist the Entity with the construction costs of ten (10) affordable senior housing units which must be occupied by very low-income households and remain affordable for a period of thirty (30) years pursuant to the requirements under the HOME Program (24 CFR Part 92).