



# City of Newark

City Hall  
920 Broad Street  
Newark, New Jersey 07102

## Legislation Text

File #: 18-1378, Version: 1

**Dept/ Agency:** Economic and Housing Development

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

**Type of Service:** Private Sale/Redevelopment Agreement

**Purpose:** Rescind and Authorize a Redevelopment Agreement for the construction of a health care center, veterans housing facility with ground floor retail, and modest parking area.

**Entity Name:** 432-446 South Orange Avenue, LLC

**Entity Address:** 228 Lafayette Street, 2<sup>nd</sup> Floor, Newark, New Jersey 07105

**Sales Amount:** \$610,000.00

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

**Assessed Amount:** \$527,900.00

**Appraised Amount:** \$610,000.00

**Contract Period:** To commence within three (3) months and be completed within twenty-four (24) months from the transfer of ownership from the City.

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

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

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

**List of Property:**

**(Address/Block/Lot/Ward)**

432-434 South Orange Avenue/Block 318/Lot 8/West Ward

436-440 South Orange Avenue/Block 318/Lot 4/West Ward

442-446 South Orange Avenue/Block 318/Lot 1/West Ward

454-462 South Orange Avenue/Block 319/Lot 21/West Ward

476 South Orange Avenue/Block 320/Lot4/West Ward

**Additional Information:**

**WHEREAS**, the purpose of this resolution is to approve the sale and redevelopment of the following City-owned Properties located in the West Ward of the City of Newark:

<u>ADDRESS</u>	<u>WARD</u>	<u>BLOCK</u>	<u>LOT</u>	<u>SIZE</u>	<u>SQ. FEET</u>
432-434 So. Orange Ave	West	318	8	51.11X100	5,111.00
436-440 So. Orange Ave	West	318	4	78.4X100	7,840.00
442-446 So. Orange Ave	West	318	1	76.11X49	3,729.39
454-462 So. Orange Ave	West	319	21	117.5X98.11	11,527.93
476 South Orange Ave	West	320	4	25X100	2,500.00

Total Square Footage: 30,708.32

Total Purchase Price: \$610,000.00 (Approx. \$19.864.00 per sq. ft.); and

**WHEREAS**, the City of Newark has determined that the above referenced City-owned Properties (the "Properties") are no longer needed for public use; and

**WHEREAS**, pursuant to N.J.S.A. 40A:12A-8(g), the City of Newark is proceeding with the redevelopment of the area and is conveying Properties at such prices and upon such terms as it deems reasonable and said conveyance is made in conjunction with the applicable Redevelopment Plan, as amended; and

**WHEREAS**, the Municipal Council previously adopted Resolution 7Rdo(AS) on June 15, 2005, designating the entire City as an "area in need of rehabilitation" under the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1, *et seq.* (the "LRHL"); and

**WHEREAS**, the Municipal Council thereafter adopted Ordinance 6S&Fc(S) on August 17, 2005, adopting the Second Amendment to the West Ward Redevelopment Plan governing the redevelopment of City-owned Properties located within the West Ward, which includes the above-referenced Properties; and

**WHEREAS**, on or about April 21, 2017, the City, in conjunction with the Newark Community Economic Development Corporation, issued a Request for Proposals (the "RFP") soliciting proposals for the sale and redevelopment of the above-referenced properties, which were to be accepted beginning on April 21, 2017 and concluding on May 19, 2017; and

**WHEREAS**, the City has determined that the Properties are no longer needed for any public use and that redevelopment of the Properties will contribute to the social and economic improvement of the West Ward in accordance with the intent, goals and objectives of the City's place based strategy to redevelop and reinvigorate neighborhoods with quality housing; additional stores, services and recreational facilities; and improved public spaces; and

**WHEREAS**, on or about April 21, 2017, the City, in conjunction with the Newark Community Economic Development Corporation, issued a Request for Proposals (the "RFP") soliciting proposals for the sale and redevelopment of the above-referenced properties, which were to be accepted beginning on April 21, 2017 and concluding on May 19, 2017; and

**WHEREAS**, 432-446 South Orange Avenue, LLC, 228 Lafayette Street, 2nd Floor, Newark, New Jersey 07105 (the "Redeveloper"), submitted a development proposal package to the Newark Community Economic Development Corporation outlining its intent to undertake the construction of a health care center; veterans housing facility with ground floor retail; and modest parking area, a copy of which is attached hereto (the "Proposal"); and

**WHEREAS**, redevelopment of said Properties will contribute to the social and economic improvement of the West Ward in accordance with the intent, goals and objectives of the City's strategy to rehabilitate and reinvigorate neighborhoods with quality housing; additional stores, services and recreational facilities; and improved public spaces; and

**WHEREAS**, based upon the City's review of the Proposal and other information, the City has determined that the Redeveloper possesses the proper qualifications, financial resources and the capacity to acquire and redevelop the Properties; and

**WHEREAS**, pursuant to N.J.S.A. 40A:12A-8(g), the Department of Economic and Housing Development has recommended that the City sell the Properties to the Redeveloper for the consideration of Six Hundred Ten Thousand Dollars and Zero Cents (\$610,000.00) ("Purchase

Price"), which price, and under such terms as, the City deems to be reasonable, for the purpose of redeveloping the Properties, in accordance with the Act, this Agreement, and the Redevelopment Plan; and

**WHEREAS**, the City and the Redeveloper were to enter into an Agreement for the Sale and Redevelopment of Land, dated November 21, 2017 (the "Original Agreement"); pursuant to which the Redeveloper agreed to acquire the Properties from the City and to rehabilitate the Properties, in accordance with the terms of the Original Agreement; and

**WHEREAS**, after the passage of Resolution 7R2-b (S/AS) on November 21, 2017, but prior to the execution of the Original Agreement, the parties agreed to renegotiate the terms of the agreement and therefore not execute the Original Agreement; and

**WHEREAS**, the Original Agreement and Resolution that was passed on November 21, 2017 by Resolution 7R2-b (S/AS) shall be rescinded for failure to execute the Original Agreement and comply with the terms and conditions of the Resolution and Original Agreement; and

**WHEREAS**, the City and the Redeveloper intend for this resolution and agreement to serve as the only Redevelopment Agreement and Resolution for these properties, and it shall supersede any previous agreement(s) and/or Resolution(s), or conditions related to the rehabilitation of the Properties.

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

1. The Municipal Council of the City of Newark shall rescind Resolution 7R2-b (S/AS) that was passed on November 21, 2017, and all other agreements that this resolution authorized due to for failure of the City of Newark and 432-446 South Orange Avenue, LLC, to execute the Original Agreement and comply with the terms and conditions of the Resolution and Original Agreement.
2. The Mayor and/or his designee and the Director of the Department of Economic and Housing Development are hereby authorized to enter into and execute the Agreement for the Sale and Redevelopment of Land, in substantially the form attached hereto with 432-446 South Orange Avenue, LLC, 228 Lafayette Street, 2<sup>nd</sup> Floor, Newark, New Jersey 07105, for the private sale and redevelopment of the following Properties, for the following Purchase Price, in accordance with the requirements of N.J.S.A. 40A:12A-8(g), the terms and conditions of the attached Agreement and the West Ward Redevelopment Plan, as amended:

<u>ADDRESS</u>	<u>WARD</u>	<u>BLOCK</u>	<u>LOT</u>	<u>SIZE</u>	<u>SQ. FEET</u>
432-434 So. Orange Ave	West	318	8	51.11X100	5,111.00
436-440 So. Orange Ave	West	318	4	78.4X100	7,840.00
442-446 So. Orange Ave	West	318	1	76.11X49	3,729.39
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476 South Orange Ave	West	320	4	25X100	2,500.00

Total Square Footage: 30,708.32

Total Purchase Price: \$610,000.00 (Approx. \$19.864.00 per sq. ft.)

3. Said Properties shall be sold to 432-446 South Orange Avenue, LLC. by private sale for the purpose of redeveloping the abovementioned Properties by constructing a health care center; veterans housing facility with ground floor retail; and modest parking area.
4. The Director of the Department of Economic and Housing Development is hereby authorized to effectuate certain business terms and conditions related to the Redevelopment Agreement annexed hereto and may enter into access and right of entry agreements and any related documents which may be necessary in order to effectuate the sale of the Properties and the terms and conditions of the Agreement, all in forms subject to the approval of the City of Newark's Corporation Counsel.
5. The 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 any timeframe set forth in the Agreement, subject to full written disclosure of such extension(s) (in the form of a signed Memorandum to be submitted to the Office of the City Clerk prior to adoption) to the Municipal Council of the City of Newark by the Director of the Department of Economic and Housing Development and the approval of the City of Newark's Corporation Counsel.
6. The Redeveloper shall be designated as the exclusive redeveloper of the Properties and any other prior legislation authorizing or intended to authorize the sale and/or redevelopment and/or rehabilitation of the Properties are hereby rescinded.
7. The Redeveloper shall have thirty (30) days from the date this resolution is certified by the Office of the City Clerk to execute the attached Agreement for the Sale and Redevelopment of Land and return same to the Department of Economic and Housing Development. Should the Redeveloper fail to execute and return the attached Agreement within this thirty (30) day time period, the authorization provided by this resolution shall be null and void, unless the Director of the Department of Economic and Housing Development agrees in writing to extend this thirty (30) day time period.
8. The Director of Finance is hereby authorized to receive proceeds of the sale and to deposit same as follows: ninety (90) percent of the sale proceeds shall be deposited into the Community and Economic Development Dedicated Trust Fund established under Resolution 7Rg dated November 6, 1985; and ten (10) percent of the sale proceeds shall be placed in the City's Affordable Housing Trust Fund established under City Ordinance 6S&Ff dated June 21, 2006, for the purpose of preserving low and moderate income affordable housing.
9. The Director of the Department of Economic and Housing Development shall place a copy of the executed Agreement for the Sale and Redevelopment of Land, the Quitclaim Deed, and all such other executed agreements authorized by this resolution on file in the Office of the City Clerk.
10. The Redeveloper shall be required to comply with the City of Newark's Minority Set-Aside Ordinance 6S&Fd, dated April 5, 1995; the City of Newark's Affirmative Action Plan, 7Rbp, dated March 1, 1995; Federal Executive Order 11246, (as amended by Executive Orders

11375 and 12086) regarding the award of goods and services contracts; and the City of Newark Ordinance 6PSF-c June 17, 2015, Amending Title II, Administration, Chapter 4, General Administration, Section 20, Hiring of Newark Residents by Contractors or Other Persons Doing Business with the City of Newark and Section 21, Newark Residents' Employment Policy, by Adding Language to Address Immediate Short Term Training and Employment Opportunities and Repealing the Newark Employment Commission, a copy of which is attached to the Agreement (the "First Source Ordinance"), all as may be applicable. In addition, the Redeveloper has agreed to ensure that 30% of all contractors, subcontractors and suppliers shall be Newark-based companies.

11. The redevelopment of the Properties shall be commenced within three (3) months and be completed within twenty-four (24) months from the transfer of ownership of the Properties by the City to the Redeveloper. Should the Redeveloper fail to diligently pursue and complete the redevelopment of the Properties, then the City, in its sole discretion, may exercise its Right of Reverter to transfer title to the Properties back to the City, in accordance with the terms and conditions of the Agreement in the deed.
12. The project to be implemented by the Redeveloper shall conform to the City of Newark Design Guidelines, including standards for environmental sustainability and energy efficiency, as established by the Department of Economic and Housing Development. Additionally, the Redeveloper shall conduct any environmental investigation and remediation upon the Properties as may be necessary. Should the Redeveloper fail to diligently pursue the redevelopment of the Properties, then the City, in its sole discretion, may exercise its Right of Reverter to transfer title to the Properties back to the City, in accordance with the terms and conditions of the Agreement and the deed.
13. The Director of the Department of Economic and Housing Development is hereby authorized to execute a Quitclaim Deed to the Redeveloper for the Properties. Said Quitclaim Deed conveying title to the Properties to the Redeveloper shall be approved as to form and legality by the City's Corporation Counsel and attested to and acknowledged by the City Clerk.
14. This agreement shall relate back to November 21, 2017.
15. This resolution shall take effect immediately.

### **STATEMENT**

This Resolution rescinds Resolution 7R2-b (S/AS) that was passed on November 21, 2017, and authorizes the Mayor and/or his designee and the Director of the Department of Economic and Housing Development to enter into and execute an Agreement for the Sale and Redevelopment of Land with 432-446 South Orange Avenue, LLC., 228 Lafayette Street, 2<sup>nd</sup> Floor, Newark, New Jersey 07105, for the private sale and redevelopment of the following Properties, for the following Purchase Price, in accordance with the requirements of N.J.S.A. 40A:12A-8(g), the terms and conditions of the attached Agreement for the Sale and Redevelopment of Land and the West Ward Redevelopment Plan, as amended, to construct a health care center; veterans housing facility with ground floor retail; and modest parking area:

<u>ADDRESS</u>	<u>WARD</u>	<u>BLOCK</u>	<u>LOT</u>	<u>SIZE</u>	<u>SQ. FEET</u>
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