



Legislation Details (With Text)

File #: 17-1277 **Version:** 1 **Name:** 36-54 Rector Street Urban Renewal LLC

Type: Resolution **Status:** Adopted

File created: 6/27/2017 **In control:** Economic and Housing Development

On agenda: 8/2/2017 **Final action:** 8/2/2017

Title: Dept/ Agency: Economic and Housing Development
Action: () Ratifying (X) Authorizing () Amending
Type of Service: Grant Agreement
Purpose: : To grant financial assistance for a project consisting of one building - 21 stories, 168 residential units, over commercial space, and 117 parking spaces, on the property commonly known as 36-54 Rector Street, Newark New Jersey and identified on the official tax map of the City as Block 17, Lot 26 (Central Ward).
Entity Name: 36-54 Rector Street Urban Renewal, LLC.
Entity Address: 120 Albany Street, 8th Floor, Tower 1, New Brunswick, New Jersey 08901
Grant Amount: \$2,000,000.00
Funding Source: Motor Vehicle Rental Tax Revenues
Total Project Cost: \$69,800,000.00
City Contribution: \$2,000,000.00
Other Funding Source/Amount: Goldman Sachs Bank USA/NJRA Loan/Developers Equity/Deferred Developer Fee/\$67,800,000.00
Contract Period: Upon Municipal Council Adoption through Project Completion
Contract Basis: () Bid () State Vendor () Prof. Ser. () EUS
() Fair & Open () No Reportable Contributions () RFP () RFQ
() Private Sale (X) Grant () Sub-recipient () n/a
List of Property: (if applicable)
(Address/Block/Lot/Ward)
36-54 Rector Street/Block 17/Lot 26/ Central Ward
Additional Information:
Resolution 7R3-a(S)(AS) adopted on November 10, 2015
Resolution 7R3-hadopted on July 3, 2012

Sponsors: Gayle Chaneyfield Jenkins, Mildred C. Crump

Indexes:

Code sections:

Date	Ver.	Action By	Action	Result
8/2/2017	1	Municipal Council	Adopt	Pass

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Additional Information:

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WHEREAS, 36-54 Rector Street Urban Renewal, LLC (the "Redeveloper"), requests additional financial assistance to construct and complete a mixed use project upon property located at 36-54 Rector Street, Newark, New Jersey (Central Ward), and identified on the official tax map of the City as Block 17, Lot 26 (the "Property"), consisting of one mixed-use building along Rector Street - 21 stories, 168 residential units, over commercial space, and 117 parking spaces (the "Project"); and

WHEREAS, the Project is located within an area in need of redevelopment as defined under the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq. (the "LRHL"), and is governed by the "Newark The Living Downtown Plan", as amended; and

WHEREAS, the Project currently has a significant funding gap that must be bridged in order to make the Project financially feasible; and

WHEREAS, N.J.S.A. 40A:12A-8(f) of the LRHL authorizes municipalities to provide grants to redevelopers to provide financial assistance for the performance of redevelopment activities in order to implement redevelopment projects in accordance with redevelopment plans; and

WHEREAS, the Project qualifies for financial assistance under the LRHL since it is located within a redevelopment area and is being performed in order to implement an approved redevelopment plan; and

WHEREAS, Sections 19 through 27 of Chapter 90, P.L.2009, the New Jersey Economic Stimulus Act of 2009 (N.J.S.A. 40:48H-1 et seq.) (the "Municipal Motor Vehicle Rental Tax Law") authorizes qualifying municipalities to impose, by ordinance, a tax upon motor vehicle rental transactions occurring within designated industrial zones of the municipality and to utilize the tax revenues collected thereunder (hereinafter, the "Motor Vehicle Rental Tax Revenues") for specified eligible purposes; and

WHEREAS, the City of Newark is one of the municipalities which qualifies under the Municipal Motor Vehicle Rental Tax Law, specifically N.J.S.A. 40:48H-6, to impose, by ordinance, a tax upon motor vehicle rental transactions occurring within designated industrial zones; and

WHEREAS, as authorized by the Municipal Motor Vehicle Rental Tax Law, the Municipal Council of the City of Newark adopted Ordinance 6 PSF-I, May 5, 2010 (the "Motor Vehicle Rental Tax Ordinance") imposing a tax upon motor vehicle rental transactions occurring within the Second and Third Industrial Districts of the City; and

WHEREAS, the validity of the Motor Vehicle Rental Tax Ordinance has been upheld by the Law Division and by the Appellate Division and no court has stayed the City's collection or use of the Motor Vehicle Rental Tax Revenues collected pursuant to the Motor Vehicle Rental Tax Ordinance;

and

WHEREAS, both the Municipal Motor Vehicle Rental Tax Law and the Motor Vehicle Rental Tax Ordinance authorize the use of Motor Vehicle Rental Tax Revenues for specified eligible purposes, including but not limited to the payment or reimbursement of costs of any redevelopment project or other undertaking in furtherance of a redevelopment plan in any area in need of redevelopment or area in need of rehabilitation within the municipality; an

WHEREAS, the provision of financial assistance to the Redeveloper for the Project is an eligible purpose for Motor Vehicle Rental Tax Revenues since the Project involves the redevelopment of property located within a redevelopment area in order to implement the “Newark The Living Downtown Plan”, as amended; and

WHEREAS, on November 10, 2015, the Municipal Council duly authorized the use of Motor Vehicle Rental Tax Revenues to fund an initial grant to the Redeveloper in an amount not to exceed of Two Million Dollars and Zero Cents (\$2,000,000.00), pursuant to Resolution 7R3-a(S)(AS), November 10, 2015 and entered into that certain Grant Agreement, dated as of December 18, 2015, in order to memorialize the terms and conditions of the City's initial grant to the Redeveloper as financial assistance for the Project; and

WHEREAS, the Municipal Council wishes to provide the Redeveloper with an additional Two Million Dollars and Zero Cents (\$2,000,000), in grant funds (the “Grant”) from the Motor Vehicle Rental Tax Revenues in order to complete the Project and desires to enter into another “Grant Agreement” in order to memorialize the terms and conditions of the City's additional grant to the Redeveloper as financial assistance for the Project; and

WHEREAS, the Parties wish to enter into the Grant Agreement in order to memorialize the terms and conditions of the City's additional grant of up to Two Million Dollars and Zero Cents (\$2,000,000.00), in Motor Vehicle Rental Tax Revenues to the Redeveloper as financial assistance for the Project.

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 hereby authorizes the use of up to Two Million Dollars and Zero Cents (\$2,000,000.00), of Motor Vehicle Rental Tax Revenues collected pursuant to the Motor Vehicle Rental Tax Ordinance for the purpose of funding an additional grant to the Redeveloper for use in connection with the development and construction of the Project.

2. The Mayor of the City of Newark and/or his designee, the Deputy Mayor/Director of the Department of Economic and Housing Development, are each hereby authorized to enter into and execute, on the City's behalf, a Grant Agreement in the form attached hereto, with the Redeveloper providing that the City will provide an additional grant in an amount not to exceed Two Million Dollars and Zero Cents (\$2,000,000.00), to the Redeveloper for the Project, subject to the terms and conditions of the Grant Agreement.

3. Upon the certification of any funding for the use of Motor Vehicle Rental Tax Revenues for the purposes enumerated in paragraphs 1 and 2 above, the Deputy Mayor/Director of the Department of Economic and Housing Development shall file such certification of funds with the Office of the City Clerk.

4. Upon full execution of the Grant Agreement referenced within Paragraph 2 above, the

Deputy Mayor/Director of Economic and Housing Development shall file the Resolution, executed Grant Agreement and other related documents with the Office of the City Clerk.

5. 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 Two Million Dollars and Zero Cents (\$2,000,000.00) for the purpose set forth herein and above; and

(b) that the line appropriation of official budget which shall be charged as follows:

Business Unit	Department	Activity	Account #	Budget Ref.
NW026	BS	A	38740	B2017

STATEMENT

This Resolution authorizes the Mayor and/or his designee, the Deputy Mayor/Director of Economic and Housing Development to enter into and execute a Grant Agreement with 36-54 Rector Street Urban Renewal, LLC, 120 Albany Street, 8th Floor, Tower 1, New Brunswick, New Jersey 08901, in an amount not to exceed Two Million Dollars and Zero Cents (\$2,000,000.00), funded by Motor Vehicle Rental Tax Revenues to provide an additional grant to financially assist in the construction and development of a mixed used Project consisting of one building along Rector Street - 21 stories, 168 residential units, over commercial space, and 117 parking spaces, and identified on the official tax map of the City as Block 17, Lot 26 (Central Ward).