



Legislation Details (With Text)

File #:	18-0878	Version:	1	Name:	Resolution: Loan/Affordable Housing Agreement - GK Preservation LLC
Type:	Resolution	Status:	Adopted		
File created:	6/4/2018	In control:	Economic and Housing Development		
On agenda:	8/8/2018	Final action:	8/8/2018		
Title:	<p>Department/Agency: Economic and Housing Development Action: () Ratifying (X) Authorizing () Amending Type of Service: Loan Purpose: To authorize the execution of an Affordable Housing Agreement to GK Preservation LLC to renovate and improve the Georgia King Village Apartments located at 200 and 250 Georgia King Village, 4-70 Littleton Avenue, 352-374 West Market Street and 17-49 Bergen Street, Newark, New Jersey, and identified on the City's Official Tax Map as Block 1808, Lot 1, Block 1832, Lot 1, Block 1833, Lots 1, 60 and 65 and Block 1834, Lot 55, which consists of 422 residential units, of which seven (7) shall be HOME affordable housing units, 276 parking spaces, a community facility (including a children's library), and a leasing/management office. Entity Name: GK Preservation LLC Entity Address: 1865 Palmer Avenue, Suite 203, Larchmont, New York 10538 Funding Source: Federal HOME Funds 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: (Address/Block/Lot/Ward) 200 and 250 Georgia King Village/Block 1808/Lot 1/West 4-70 Littleton Avenue/Block 1832/Lot 1/West 352-374 West Market Street/Block 1833/Lots 1, 60 and 65/West 17-49 Bergen Street/Block 1834/Lot 55/West Additional Information: Loan Agreement is for the amount of \$1,500,000.00</p>				
Sponsors:	Council of the Whole				
Indexes:					
Code sections:					

Date	Ver.	Action By	Action	Result
8/8/2018	1	Municipal Council	Adopt	Pass

Department/Agency: Economic and Housing Development

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

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Purpose: To authorize the execution of an Affordable Housing Agreement to GK Preservation LLC to renovate and improve the Georgia King Village Apartments located at 200 and 250 Georgia King Village, 4-70 Littleton Avenue, 352-374 West Market Street and 17-49 Bergen Street, Newark, New Jersey, and identified on the City's Official Tax Map as Block 1808, Lot 1, Block 1832, Lot 1, Block 1833, Lots 1, 60 and 65 and Block 1834, Lot 55, which consists of 422 residential units, of which seven (7) shall be HOME affordable housing units, 276 parking spaces, a community facility (including a children's library), and a leasing/management office.

Entity Name: GK Preservation LLC

Entity Address: 1865 Palmer Avenue, Suite 203, Larchmont, New York 10538

Funding Source: Federal HOME Funds

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:

(Address/Block/Lot/Ward)

200 and 250 Georgia King Village/Block 1808/Lot 1/West

4-70 Littleton Avenue/Block 1832/Lot 1/West

352-374 West Market Street/Block 1833/Lots 1, 60 and 65/West

17-49 Bergen Street/Block 1834/Lot 55/West

Additional Information:

Loan Agreement is for the amount of \$1,500,000.00

WHEREAS, the City of Newark (the “City”), desires to enter into and execute a Deed Restrictive Affordable Housing Agreement (the “Agreement”) with GK Preservation LLC (the “Entity”), having its’ principal place of business at 1865 Palmer Avenue, Suite 203, Larchmont, New York 10538; and

WHEREAS, the City desires to provide the Entity with Federal HOME Program funds in the form of an interest bearing deferred payment loan for a period of forty-two (42) years from the date hereof as more particularly provided in the Note (the “Maturity Date”); and

WHEREAS, the Agreement is for the amount of One Million Five Hundred Thousand Dollars and Zero Cents (\$1,500,000.00) in Federal HOME Program funds for Georgia King Village Apartments (the “Project”) to be located at 200 and 250 Georgia King Village, 4-70 Littleton Avenue, 352-374 West Market Street and 17-49 Bergen Street, Newark, New Jersey, and identified on the City’s Official Tax Map as Block 1808, Lot 1, Block 1832, Lot 1, Block 1833, Lots 1, 60 and 65 and Block 1834, Lot 55 (the “Property”). Units assisted with Federal HOME Program funds must be occupied by low and moderate income households; and

WHEREAS, it is in the best interest of the City and the Department of Economic and Housing Development to establish contractual guarantees and procedures by which the City will ensure the Entity’s compliance with the requirements of the Federal HOME Program for the time and in the manner set forth in the Agreement for the receipt of said Federal HOME Program funds.

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

1. The Mayor and/or his designee, the Director of the Department of Economic and Housing Development, are hereby authorized to enter into and execute a Deed Restrictive Affordable Housing Agreement with GK Preservation LLC, of 1865 Palmer Avenue, Suite 203, Larchmont, New York 10538 for Federal HOME Program funds in the amount of One Million Five Hundred Thousand Dollars and Zero Cents (\$1,500,000.00) to subsidize the renovation and rehabilitation costs of seven (7) residential units, all of which shall be HOME affordable residential housing units, to be renovated and rehabilitated within the Project. The site of the Project will be located at 200 and 250 Georgia King Village, 4-70 Littleton Avenue, 352-374 West Market Street and 17-49 Bergen Street, Newark, New Jersey, and identified on the City’s Official Tax Map of the as Block 1808, Lot 1, Block 1832, Lot 1, Block 1833, Lots 1, 60 and 65 and Block 1834, Lot 55.
2. The Director of the Department of Economic and Housing Development is hereby authorized to establish a declaration of covenants, conditions and restrictions to ensure that the Project remains affordable for a period of thirty (30) years from the date the construction work on the Project is completed in accordance with the Agreement. Said covenants, conditions and restrictions shall 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 this Agreement for a period of thirty (30) years from the date the Project is completed in accordance with the Agreement.

3. The Entity shall be responsible for the recordation of the final fully executed Agreement, Mortgage and Security Agreement, the Note and any amendments thereto in the Office of the Essex County Register's Office.
4. That the Mortgage and Security Agreement (the "Mortgage") and that certain Note (the "Mortgage Note") to be given by the Entity in favor of the City and shall ensure compliance with all of the requirements of the Federal HOME Program, pursuant to the Federal HOME Program statute and regulations (24 CFR Part 92).
5. Subject to the satisfaction in the sole discretion of the City of all of the terms, covenants, and other conditions set forth in the Agreement, the Mortgage Note, the Mortgage and other documents and agreements executed and delivered by the Entity in connection herewith and the Project, the Mortgage made in favor of the City shall be discharged by the City upon the Maturity Date. Notwithstanding the foregoing, the loan will be required to be repaid in full earlier together with accrued interest thereon if any of the terms, covenants and other conditions of the Agreement, the Mortgage Note, the Mortgage 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.
6. The Director of the Department of Economic and Housing Development is hereby authorized to effectuate certain business terms and conditions related to the Agreement annexed hereto as permitted by the laws of the State of New Jersey 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 Corporation Counsel. In addition, 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 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 Director of the Department of Economic and Housing Development and the approval of the Corporation Counsel.
7. Disbursement of the Federal HOME program funds for the Project in the amount of One Million Five Hundred Thousand Dollars and Zero Cents (\$1,500,000.00) shall be subject to the terms and conditions set forth in the Agreement, which is attached hereto and made a part hereof.
8. 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 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 time frame, then the City, in its sole discretion, in addition to any other remedy available by the Agreement or as allowed by law, may direct the Entity to repay all Federal HOME Program funds expended on the Project back to the City.
9. The term of the Agreement shall be for a period of no less than thirty (30) years from the Completion Date (as defined in the Agreement). Federal HOME Program funds must be expended within forty-eight (48) months from the date of adoption of this authorizing resolution by the Municipal Council.
10. The Entity must remain in compliance with Municipal, State and Federal Laws including, but not limited to the City of Newark's Minority Set-Aside Ordinance (6S&FD040595) and its Affirmative Action Plan (7RBP030195) and Federal Executive Order 11246 (as amended by Executive Orders 1137 and 12086) with respect to the award of goods and services. The Entity has agreed to employ best efforts that a minimum of 51% 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 as per the adopted Resolution and Financial Agreement for the Project adopted on May 14, 2018.
11. Units assisted with Federal HOME Program funds must be designated upon execution of the Agreement and must remain fixed units for the duration of the affordability period. Households seeking to occupy a HOME Program assisted unit must be certified prior to occupancy and recertified annually.
12. Attached hereto is a certification from the City's Municipal Comptroller, which states:

- a) there are sufficient funds in the amount of One Million Five Hundred Thousand Dollars and Zero Cents (\$1,500,000.00) 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	Div./Proj.	Activity	Account #	Budget Ref.	Amount
NW051	G18	D18A0	A	72090	B2018	\$981,461.00
NW051	G17	D1710	A	72090	B2017	\$453,106.00
NW051	G11	D11D0	A	72090	B2011	\$65,433.00

STATEMENT

This resolution hereby authorizes the Mayor and/or his designee, the Director of Economic and Housing Development to enter into and execute an Affordable Housing Agreement with GK Preservation LLC, of 1865 Palmer Avenue, Suite 203, Larchmont, New York 10538 for Federal HOME Program funds in the amount of One Million Five Hundred Thousand Dollars and Zero Cents (\$1,500,000.00) to subsidize the Georgia King Village Apartments located at 200 and 250 Georgia King Village, 4-70 Littleton Avenue, 352-374 West Market Street and 17-49 Bergen Street, Newark, New Jersey, and identified on the City's Official Tax Map as Block 1808, Lot 1, Block 1832, Lot 1, Block 1833, Lots 1, 60 and 65 and Block 1834, Lot 55. The HOME Program assisted units must remain affordable for a minimum period of thirty (30) years pursuant to the requirements under the Federal HOME Program (24 CFR Part 92).