



Legislation Details (With Text)

File #: 20-0631 **Version:** 1 **Name:** Resolution: Affordable Housing Agreement and Grant Agreement - 650 Springfield Ave Urban Renewal ,LLC

Type: Resolution **Status:** Adopted

File created: 5/20/2020 **In control:** Economic and Housing Development

On agenda: 9/2/2020 **Final action:** 9/2/2020

Title: Dept/ Agency: Economic and Housing Development
Action: () Ratifying (X) Authorizing (X) Amending
Type of Service: Affordable Housing Agreement Federal HOME Loan and Community and Economic Development Dedicated Trust Fund Grant
Purpose: To amend Resolution 7R2-c(S/AS) adopted on May 2, 2017, which authorized the execution and delivery of an Affordable Housing Agreement and Grant Agreement with 650 Springfield Ave Urban Renewal LLC.
Entity Name: 650 Springfield Ave Urban Renewal, LLC
Entity Address: 61 Deans Lane, Monmouth Junction, New Jersey 08852
Grant Amount: \$500,000.00
Funding Source: Federal Home Program
Contract Period: From the date of Municipal Council adoption through December 31, 2050; Home Program Funds must be expended within forty-eight (48) months from the date of adoption
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:
(Address/Block/Lot/Ward)
650-656 Springfield Avenue, 710 South 17th Street and 724-726 South 17th Street (50% of the property)/Block 364/Lots 21, 27, and 29 (50% of the property) /South Ward
Additional Information:
Resolution 7R2-c(S/AS) adopted on May 2, 2017, which authorized the execution and delivery of an Affordable Housing Agreement and Grant Agreement with 650 Springfield Ave Urban Renewal LLC, the Redeveloper, for a Project to rehabilitate six (6) affordable housing units and construct ten (10) new affordable housing units with approximately 1,900 square feet of commercial and community space located at 650-656 Springfield Avenue, 710 South 17th Street and 724-726 South 17th Street (50% of the property), Newark, New Jersey 07103.

Sponsors: John Sharpe James, Mildred C. Crump

Indexes:

Code sections:

Date	Ver.	Action By	Action	Result
9/2/2020	1	Municipal Council	Adopt	Pass

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WHEREAS, on May 2, 2017, the Municipal Council (the "City"), duly adopted Resolution 7R2-c(S/AS) (the "Original Resolution"), authorizing the City to enter into a Deed Restrictive Affordable Housing Agreement (the "AHA") in the amount of Three Hundred Thousand Dollars and Zero Cents (\$300,000.00) and a Grant Agreement in the amount of Two Hundred Thousand Dollars and Zero Cents (\$200,000.00) with 650 Springfield Ave Urban Renewal, LLC, 61 Deans Lane, Monmouth Junction, New Jersey 08852 (the "Entity") for a Project described therein; and

WHEREAS, the Project set forth in the Original Resolution has been separated into two (2) distinct projects, one to be constructed by a related entity, 41 19th Ave Urban Renewal, LLC, consisting of sixty (60) market rate residential rental units located at 55 19TH AVENUE, 47-53 19TH AVENUE, 45 19TH AVENUE, 43 19TH AVENUE, 41 19TH AVENUE, 709 SOUTH 16TH STREET, 711 SOUTH 16TH STREET, 713 SOUTH 16TH STREET, 715 SOUTH 16TH STREET, 717 SOUTH 16TH STREET, 718-722 SOUTH 17TH STREET, 714-716 SOUTH 17TH STREET, 712 SOUTH 17TH STREET, 708 SOUTH 17TH STREET, 724-726 SOUTH 17TH STREET (50% OF THE PROPERTY), 707 SOUTH 16TH STREET, Newark, New Jersey and identified on the Official Tax Map of the City of Newark, as Block 364, Lots 1, 2, 6, 7, 8, 9, 10, 11, 12, 13, 22, 24, 26, 28, 29 (50% of the property), and 30 (the "Related Project") and one to be undertaken by the Entity consisting of the rehabilitation of six (6) affordable housing units and construction of ten (10) new affordable housing units with approximately 1,900 square feet of commercial and community space located at 650-656 Springfield Avenue, 710 South 17th Street, and 724-726 South 17th Street (50% of the property), Newark, New Jersey 07103 and identified on the Official Tax Map of the City of Newark, as Block 364, Lots 21, 27, and 29 (50% of the property) (the "Project"), which the Entity intends to consolidate and subdivide, at a later date, resulting in different lots on the Official Tax Map of the City of Newark; and

WHEREAS, as set forth in the Original Resolution, the City desires to enter into and execute a Deed Restrictive Affordable Housing Agreement (the "Agreement") with the Entity and provide the Entity with Federal HOME Program funds from its 2015 year HOME fund allocation in the form of an interest bearing deferred payment loan for a period of thirty (30) years pursuant to the Federal HOME Loan Program (24 CFR part 92) and any amendments thereto; and

WHEREAS, the Agreement is for the amount of Five Hundred Thousand Dollars and Zero Cents (\$500,000.00) in Federal HOME Program for the Project located at 650-656 Springfield Avenue, 710 South 17th Street, and 724-726 South 17th Street (50% of the property), Newark, New Jersey 07103 and identified on the Official Tax Map of the City of Newark, as Block 364, Lots 21, 27, and 29 (50% of the property) (the "Project") consisting of the rehabilitation of six (6) affordable housing units and construction of ten (10) new affordable housing units, of which five (5) units shall be HOME affordable housing units with approximately 1,900 square feet of commercial and community space. Units assisted with HOME Program funds must be occupied by low income and very low 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 HOME Program funds; and

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 and directed to enter into and execute a Deed Restrictive Affordable Housing Agreement with 650 Springfield Ave Urban Renewal, LLC, 61 Deans Lane, Monmouth Junction, New Jersey 08852, for Federal HOME Program funds in the amount of Five Hundred Thousand Dollars and Zero Cents (\$500,000.00) to subsidize the rehabilitation of six (6) affordable housing units and construction of ten (10) new affordable housing units, of which five (5) units shall be HOME affordable housing units, with approximately 1,900 square feet of commercial and community space located at 650-656 Springfield Avenue, 710 South 17th Street and 724-726 South 17th Street (50% of the property), Newark, New Jersey 07103 and identified on the Official Tax Map of the City of Newark, as Block 364, Lots 21, 27, and 29 (50%), which the Entity intends to consolidate and subdivide, at a later date, resulting in different lots on the Official Tax Map of the City of Newark.

2. The Deputy Mayor/Director of the Department of Economic and Housing Development is hereby authorized, directed and empowered to establish a declaration of covenants, conditions and restrictions to ensure that the Project remains affordable for a period of thirty (30) years in accordance with the HOME Program. 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 the Agreement for a period of thirty (30) years.

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. The Mortgage and Mortgage Note given by the Entity in favor of the City of Newark shall ensure compliance with all of the requirements of the HOME program, pursuant to the 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, Mortgage, and Mortgage Note, and other documents and agreements executed and delivered by the Entity in connection herewith and the Project, the Mortgage Note and the Mortgage made in favor of the City shall be forgiven and discharged by the City upon the expiration of the thirty (30) year affordability period. Notwithstanding the foregoing, the loan will be required to be repaid in full at the end of the thirty (30) year affordability period or earlier if any of the terms, covenants and other conditions of the Agreement, Mortgage, Mortgage Note 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 Deputy Mayor/Director of the Department of Economic and Housing Development is hereby authorized, directed and empowered to effectuate certain business terms and conditions related to the 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 Corporation Counsel. 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 Corporation Counsel.

7. 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 Agreement, which is attached hereto and a 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. 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 HOME program funds expended on the Project back to the City.

9. The term of the 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.

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&Fd adopted on April 5, 1995) and its Affirmative Action Plan (7Rbp 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 Entity 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.

11. Units assisted with HOME Program funds must be designated upon execution of the AHA 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.

12. Attached hereto is a Certification from the City's Municipal Comptroller which states:

- a) there are sufficient funds in the aggregate 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 official budget which shall be charged as follows:

Business Unit	Dept.	Div./Proj.	Activity	Account #	Budget Ref.	Amount
NW051	G19	D19M0	A	72090	B2019	\$500,000.00

STATEMENT

This resolution authorizes the Mayor and/or his designee, or the Deputy Mayor/Director of the Department of Economic and Housing Development to enter into and execute a Deed Restrictive Affordable Housing Agreement with 650 Springfield Ave Urban Renewal, LLC, 61 Deans Lane, Monmouth Junction, New Jersey 08852 for Federal HOME Program funds in the amount of Five Hundred Thousand Dollars and Zero Cents (\$500,000.00) to subsidize the construction and pre-development costs for the construction and development of a residential project consisting of rehabilitation of six (6) affordable housing units and construction of ten (10) new affordable housing units with approximately 1,900 square feet of commercial and community space located at 650-656 Springfield Avenue, 710 South 17th Street, and 724-726 South 17th Street (50% of the property),

Newark, New Jersey 07103 and identified on the Official Tax Map of the City of Newark as Block 364, Lots 21, 27, and 29 (50% of the property (South Ward)). The HOME assisted units must remain affordable for a period of thirty (30) years pursuant to the requirements under the HOME Program (24 CFR Part 92).