



Legislation Details (With Text)

File #: 22-1155 **Version:** 1 **Name:** NMA Redevelopment Agreement Authorization

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On agenda: 8/16/2022 **Final action:** 8/30/2022

Title: AN ORDINANCE AUTHORIZING THE MAYOR OF THE CITY OF NEWARK AND/OR HIS DESIGNEE, THE DEPUTY MAYOR/DIRECTOR OF THE DEPARTMENT OF ECONOMIC AND HOUSING DEVELOPMENT TO EXECUTE THE SALE AND TRANSFER OF THE CITY OF NEWARK PROPERTIES IDENTIFIED ON THE OFFICIAL TAX MAP OF THE CITY OF NEWARK, AS BLOCK 34, LOTS 9, 10, 11, 12 AND 30 AND BLOCK 35 LOT 29 PURSUANT TO AN AGREEMENT FOR SALE AND REDEVELOPMENT OF LAND.

Sponsors: Council of the Whole

Indexes:

Code sections:

Date	Ver.	Action By	Action	Result
8/30/2022	1	Municipal Council	Close on Public Hearing and Adopt	Pass
8/16/2022	1	Municipal Council	Advance and Adopt on First Reading as 6F-	Pass

AN ORDINANCE AUTHORIZING THE MAYOR OF THE CITY OF NEWARK AND/OR HIS DESIGNEE, THE DEPUTY MAYOR/DIRECTOR OF THE DEPARTMENT OF ECONOMIC AND HOUSING DEVELOPMENT TO EXECUTE THE SALE AND TRANSFER OF THE CITY OF NEWARK PROPERTIES IDENTIFIED ON THE OFFICIAL TAX MAP OF THE CITY OF NEWARK, AS BLOCK 34, LOTS 9, 10, 11, 12 AND 30 AND BLOCK 35 LOT 29 PURSUANT TO AN AGREEMENT FOR SALE AND REDEVELOPMENT OF LAND.

WHEREAS, the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1, et seq., as amended and supplemented (the "Act"), authorizes the municipalities to participate in the redevelopment and improvement of areas that are in need of redevelopment or rehabilitation; and

WHEREAS, in order to stimulate the reinvigoration of the City of Newark (the "City"), by Resolution 7Rdo(AS) adopted on June 15, 2005, the entire City was designated as an area in need of rehabilitation pursuant to the Act; and

WHEREAS, the Municipal Council then approved the Central Ward Redevelopment Plan, including any amendments, for the Redevelopment Area within which the Properties are located (the "Redevelopment Plan"); and

WHEREAS, the City is the record fee owner of the following properties: Block 34, Lots 9, 10, 11, 12 and 30 (47-55 Washington Street) and Block 35, Lot 29, together with the rights of the City as owner of Lot 29 to its appurtenant rights in the adjacent alley between Lots 29 and 31, (65 Central Avenue) (collectively referred to as the "Properties"), which are situated within the Redevelopment Plan; and

WHEREAS, the Newark Museum Association (the "Redeveloper") is the fee owner of certain real property upon which the Newark Museum of Art is operated and maintained; and

WHEREAS, based upon its title search, Redeveloper is the record owner of the following lots, title to which had been conveyed to Redeveloper as follows:

Lots 1 and 47, Block 34 - Newark Museum Association by Deed from The United Hospitals of Newark Dated July 24, 1972, recorded July 26, 1972 in Deed Book 4415, Page 583;

Lots 20, 21, 22, 27, 28, and 35, Block 35 - Newark Museum Association by Deed from Center Parking Corp. dated December 17, 1986, recorded January 27, 1987 in Deed Book 4954, Page 973;

Lots 31, 32, 33, and 34, Block 35 - Newark Museum Association by Deed from J. Wallace Scanlon, Elizabeth A. McHugh and The Howard Savings Bank, Executors of the Estate of Fred W. Radel dated February 22, 1982, recorded March 2, 1982 in Deed Book 4743, Page 972;

Lot 23, Block 35 - Newark Museum Association by Deed from City of Newark dated May 22, 2012, recorded June 1, 2012 in Deed Book 12371, Page 6517, attached hereto as Exhibit A;

Lot 24, Block 35 - Newark Museum Association by Deed from Local 617 - Seiu A/K/A Local 617 Service Employees International Union dated September 16, 2009, recorded September 18, 2009 in Deed Book 12217, Page 8565;

(Collectively referred to as the "Newark Museum Properties"); and

WHEREAS, the Deed dated May 22, 2012 from the City to the Redeveloper for Lot 23, Block 35 (the "2012 Deed") provided that Lot 23, Block 35 was conveyed to the Redeveloper for the purpose of creating a new plaza and that all deeds from the Redeveloper shall contain a resale and/or use restriction for a period of not less than ten (10) years; and

WHEREAS, the City acknowledges that the plaza redevelopment as contemplated in the 2012 Deed was satisfactorily completed by the Redeveloper and that the ten-year resale/use restriction has expired as of May 22, 2022, a copy of which is attached hereto as Exhibit A; and

WHEREAS, the Redeveloper intends to have the Newark Museum Properties redeveloped as a mixed-use arts, retail, and residential development to be known as Museum Parc ("Museum Parc"). The proposed project will include approximately 251 residential units, twenty percent of which are anticipated to be affordable rental units and a new "mews" street, connecting Washington Street and University Avenue through the Museum's Sculpture Garden. The redevelopment will also have non-residential spaces, which will include Museum specific improvements, such as gallery space, education space, administration space, retail space, dining facilities and other Museum-related enhancements; and

WHEREAS, the Museum Parc project will include: (a) a low-rise, building on the corner of Central Avenue and Washington Street; and (b) a mid-rise building on Central Avenue, that will

include new Museum facilities, including a Gallery, that will be included within the new residential/retail building to be constructed; and

WHEREAS, the Museum Parc project will be developed on the following lots within the existing boundaries of the existing Newark Museum site that is bounded by Washington Street, Central Avenue and University Avenue: Lots 1 and 47 in Block 34, and Lots 21, 22, 23, 24, 27, 28, 29, 31, 32, 33, 34, 35 in Block 35, as shown on the Tax Map of the City of Newark; and

WHEREAS, in order to redevelop the Museum Parc project, the Redeveloper will be required to acquire the Properties from the City of Newark; and

WHEREAS, the Museum Parc project, with its new residential units, retail shops and upgraded and expanded Museum facilities, will have the immediate impact of significantly enhancing the surrounding community and the experience of visitors of the Newark Museum, and furthering the goals of the City of Newark to expand its commitment to the arts and education; and

WHEREAS, the Museum Parc project will have significant benefits for the City and its residents, by advancing the important role of arts, culture and education within the City, adding taxable assets to the City rolls and increasing the supply of quality affordable housing units in the City's downtown; and

WHEREAS, the City acknowledges and agrees that it is the intention of the Redeveloper to combine Lot 29 in Block 35 (together with the rights of the City as owner of Lot 29 to its appurtenant rights in the adjacent alley between Lots 29 and 31) and a portion of Lot 30 in Block 35 with the Newark Museum Properties (collectively, the "Project Parcels"); and

WHEREAS, it is the intention of Redeveloper that NMA Owners LLC (or an affiliate of L+M Development Partners LLC or LMXD Management LLC) will act as sub-redeveloper ("Sub-Redeveloper") for the Project, provided that any such Sub-Redeveloper (and the ownership and control thereof) is properly disclosed to City; and

WHEREAS, the Redeveloper intends to convey fee title to Project Parcels to the Sub-Redeveloper and the Redeveloper shall delegate certain of its rights and obligations under the Agreement for the Sale and Redevelopment of Land (the "Agreement), in substantially the form attached hereto as Exhibit B to the Sub-Redeveloper to implement the Project; and

WHEREAS, fee title to the balance of the lots being acquired from the City hereunder will be retained by Redeveloper and utilized, together with other lots owned by Redeveloper, for common areas, Museum gardens, walkways and driveway and components other integral to the use and enjoyment of Museum Parc; 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 Central 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, recreational facilities, and improved public spaces; and

WHEREAS, the Redeveloper has submitted a letter of intent to the City's Department of Economic and Housing Development outlining its intention to redevelop the Properties, a copy of

which is attached hereto as Exhibit C (the "Proposal"); 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 One Hundred Twenty-Five Thousand Four Hundred Ten Dollars and Zero Cents (\$125,410.00) ("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, the Agreement, and the Redevelopment Plan; and

WHEREAS, the City and Redeveloper desire to enter into the Agreement in order to memorialize the terms and conditions of the sale and redevelopment of the Properties, in a form substantially consistent to the Agreement for the Sale and Redevelopment of Land, attached hereto as Exhibit B; and

WHEREAS, the Agreement shall supersede any previous agreement(s) or conditions related to the redevelopment of the Properties.

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

1. The Mayor of the City of Newark, and/or his designee, the Deputy Mayor/Director of the Department of Economic and Housing Development are hereby authorized to authorize the Mayor of the City of Newark and Deputy Mayor/Director of the Department of Economic and Housing Development to enter into and execute the Agreement for the Sale and Redevelopment of Land in substantially the form attached hereto as Exhibit B.

2. The Deputy Mayor/Director of the Department of Economic and Housing Development is hereby authorized to effectuate certain business terms and conditions related to the Agreement for the Sale and Redevelopment of Land concerning the sale and transfer of the City's property and may enter into any related documents, including but not limited to deeds for the Properties consisting of Lot 29 (together with the rights of the City as owner of Lot 29 to its appurtenant rights in the adjacent alley between Lots 29 and 31) and Lot 30 in Block 35, and Lots 9, 10, 11 and 12 in Block 34, which may be necessary in order to effectuate same.

3. The Redeveloper shall be required to comply with the City of Newark's Minority Set-Aside Ordinance 6S&Fd, adopted on April 5, 1995; the City of Newark's Affirmative Action Plan, 7Rbp, adopted on 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 adopted on 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 as Exhibit C (the "First Source Ordinance"), all as may be applicable. The Redeveloper shall

provide the Department of Economic and Housing Development with the required forms showing compliance with the above, and a copy of these forms shall be filed with the Office of the City Clerk. In addition, the Redeveloper has agreed to ensure that thirty percent (30%) of all contractors, subcontractors and suppliers shall be Newark-based companies.

4. 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, 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. Failure to exercise or delay in exercising this Right of Reverter by the City of Newark shall not constitute a waiver nor shall such failure and/or delay serve as a basis for adverse possession of the Properties. Any and all waivers of the City's Right of Reverter shall be in writing.

5. The executed Agreement for the Sale and Redevelopment of Land and all exhibits shall be placed on file in the Office of the City Clerk by the Deputy Mayor/Director of Department of Economic and Housing Development.

STATEMENT

This Ordinance authorizes the Mayor of the City of Newark, and/or his designee, the Deputy Mayor/Director of the Department of Economic and Housing Development is hereby authorized to effectuate certain business terms and conditions related to the Agreement for the Sale and Redevelopment of Land concerning the sale and transfer of the City's property and may enter into any related documents, including but not limited to deeds for the Properties consisting of Lot 29 (together with the rights of the City as owner of Lot 29 to its appurtenant rights in the adjacent alley between Lots 29 and 31) in Block 35, and Lots 9, 10, 11, 12 and 30 in Block 34, which may be necessary in order to effectuate same.