



Legislation Details (With Text)

File #:	23-0460	Version:	1	Name:	Resolution: Subordination Agreement Third Amendment - 650 Springfield Ave Urban Renewal, LLC
Type:	Resolution	Status:			Adopted
File created:	3/21/2023	In control:			Economic and Housing Development
On agenda:	5/16/2023	Final action:			5/16/2023

Title: Dept./ Agency: Economic and Housing Development
Action: (X) Ratifying (X) Authorizing (X) Amending
Type of Service: Private Sale/Redevelopment/Subordination Agreement
Purpose: An Agreement to subordinate the City's Reverter Rights by entering into a Third Amendment to the Agreement for Sale and Redevelopment of Land and a First Amendment to the Subordination Agreement in order to permit financing necessary for the construction of approximately (115) units of mixed-income housing with parking and outdoor space.
Entity Name: 650 Springfield Ave Urban Renewal, LLC and 41 19th Ave Urban Renewal, LLC
Entity Address: Monmouth Junction, New Jersey 08852
Contract Period: Not Applicable
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)
55 19th Avenue/Block 364/Lot 1/South Ward
650-656 Springfield Avenue/Block 364/Lot 21, now as Lot 1.05/South Ward
709 South 16th Street/Block 364/Lot 9/South Ward
711 South 16th Street /Block 364/Lot 10/South Ward
713 South 16th Street/Block 364/Lot 11/South Ward
715 South 16th Street /Block 364/Lot 12/South Ward
717 South 16th Street/Block 364/Lot 13/ South Ward
708 South 17th Street/Block 364/Lot 28/South Ward
712 South 17th Street/Block 364/Lot 26/South Ward
714-716 South 17th Street/Block 364/Lot 24/South Ward
718-722 South 17th Street/Block 364/Lot 22/South Ward
724-726 South 17th Street/Block 364/Lot 29/South Ward
Additional Information:
Resolution 7R2-g(AS) adopted on April 19, 2017, authorized an Agreement for the Sale of Land and Redevelopment for (115) units of mixed-income housing with parking and outdoor space in the sale amount of \$175,012.00 (\$4 PSF), to commence within (3) months and to be completed within (18) months from the transfer of ownership.

Resolution 7R2-g(AS) adopted on July 22, 2020, authorized a First Amendment to Agreement for Sale of Land and Redevelopment to update the Project description and permit a portion of the Project to be developed by 41 19th Ave Urban Renewal, LLC for the period of (12) to (24) months upon receiving the building permits.

Resolution 7R2-d adopted on April 20, 2022, authorized a Second Amendment to Agreement for Sale of Land and Redevelopment to permit the financing necessary for the construction of (2) buildings consisting of (16) affordable housing units, along with commercial and community pace (1,600 SF) and (4) buildings consisting of (60) market rate residential rental units.

Sponsors:

Indexes:

Code sections:

Date	Ver.	Action By	Action	Result
5/16/2023	1	Municipal Council	Adopt	Pass

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Type of Service: Private Sale/Redevelopment/Subordination Agreement

Purpose: An Agreement to subordinate the City's Reverter Rights by entering into a Third Amendment to the Agreement for Sale and Redevelopment of Land and a First Amendment to the Subordination Agreement in order to permit financing necessary for the construction of approximately (115) units of mixed-income housing with parking and outdoor space.

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Resolution 7R2-g(AS) adopted on July 22, 2020, authorized a First Amendment to Agreement for Sale of Land and Redevelopment to update the Project description and permit a portion of the Project to be developed by 41 19th Ave Urban Renewal, LLC for the period of (12) to (24) months upon receiving the building permits.

Resolution 7R2-d adopted on April 20, 2022, authorized a Second Amendment to Agreement for Sale of Land and Redevelopment to permit the financing necessary for the construction of (2) buildings consisting of (16) affordable housing units, along with commercial and community pace (1,600 SF) and (4) buildings consisting of (60) market rate residential rental units.

WHEREAS, pursuant to Resolution 7R2-g(AS) adopted on April 19, 2017, the Mayor of the City of Newark and the Deputy Mayor/Director of the Department of Economic and Housing

Development were authorized to enter into and execute an Agreement for the Sale and Redevelopment of Land (the “Agreement”) with 650 Springfield Ave Urban Renewal, LLC, of Monmouth Junction, New Jersey 08852 (the “Redeveloper”) for the sale of land owned by the City of Newark (the “City”) located at 55 19th Avenue, 709 South 16th Street, 711 South 16th Street, 713 South 16th Street, 715 South 16th Street, 717 South 16th Street, 650-656 Springfield Avenue, 718-722 South 17th Street, 714-716 South 17th Street, 712 South 17th Street, 708 South 17th Street, and 724-726 South 17th Street and identified on the Official Tax Map of the City of Newark, as Block 364, Lots 1, 1.05, 9, 10, 11, 12, 13, 21, 22, 24, 26, 28, and 29 (collectively, the “Properties”), for a purchase price of One Hundred Seventy-Five Thousand Twelve Dollars and Zero Cents (\$175,012.00) for the construction of two (2) buildings consisting of sixteen (16) affordable housing units through rehabilitation and new construction, together with approximately 1,900 square feet of commercial and community space and four (4) buildings consisting of sixty (60) market rate residential rental units (the “Project”); and

WHEREAS, the Sale and the Agreement were authorized pursuant to N.J.S.A. 40A:12A-8(g) and the South Ward Redevelopment Plan; and the Agreement allows the City to seek reversion of title to the Properties under certain events of Default as defined in the Agreement (the “Reverter Right”); and

WHEREAS, pursuant to Resolution 7R2-g(AS) adopted on July 22, 2020, the Mayor of the City of Newark and the Deputy Mayor/Director of the Department of Economic and Housing Development were authorized to enter into and execute a First Amendment to Agreement for Sale of Land and Redevelopment (the “First Amendment”) to permit the development of a portion of the Project by 41 19th Ave Urban Renewal, LLC, an affiliate of 650 Springfield Ave Urban Renewal, LLC (together, the “Redeveloper”); and

WHEREAS, pursuant to Resolution 7R2-d adopted on April 20, 2022, the Mayor of the City of Newark and the Deputy Mayor/Director of the Department of Economic and Housing Development were authorized to enter into and execute a Second Amendment to the Agreement to authorize an agreement to subordinate the City’s Reverter Rights; and

WHEREAS, the Redevelopers have secured three (3) loans from Community Loan Fund of New Jersey, Inc. to develop Phases 4, 5, and 6 of the Project: the first loan in the approximate principal amount of \$3,776,163.00 (“Loan 1”); the second loan in the approximate principal amount of \$1,870,687.00 (“Loan 2”); and the third loan in the approximate principal amount of \$736,815.00 (the “Loan 3” and collectively with Loan 1 and Loan 2, the “Loans”) to develop the Project, which Loans will be evidenced by Promissory Notes and will be secured by Mortgages on the Properties; and

WHEREAS, as a condition of the above Loans, the Lender has requested that the City subordinate its Reverter Right, within the Agreement and Deed(s), to the Mortgages; and

WHEREAS, pursuant to Section IV, (j) of the Agreement, the Reverter Right may be subordinated by the City subject to formal approval by the Municipal Council and the satisfaction of the requirements as set forth at N.J.S.A. 40:60-51.2; and

WHEREAS, pursuant to N.J.S.A. 40:60-51.2, “any municipality is authorized and empowered by, resolution of the Governing Body thereof, to waive, release, modify or subordinate any terms, covenants, conditions, limitations or reverters imposed in sales and conveyances of lands as to the erection, alteration or demolition of buildings or any other use to be made of land heretofore imposed

by said municipality to accomplish the purposes for which such lands were sold and conveyed either at public or private sale, including those set forth pursuant to Section 21 of P.L.1971, c. 199 (C.40A:12-21), but only after public hearing held before such governing body, of the holding of which notice describing the lands in question, and the terms, covenants, conditions, limitations or reverters to be waived, released, modified or subordinated, and, if to be modified or subordinated, describing the manner in which the same shall be modified or subordinated, shall first have been given by advertisement published once each week for two (2) weeks in a newspaper published in said municipality or, if no newspaper be published therein, then in a newspaper circulating in such municipality, provided, however, that the power herein granted shall not be exercised to impair any vested or contractual rights of third parties"; and

WHEREAS, the Department of Economic and Housing Development caused a Notice to be advertised, including the requirements established in N.J.S.A. 40:60-51.2, in the Star Ledger on May 1, 2023 and May 8, 2023, which complies with the Notice requirement of once each week for two (2) weeks; and

WHEREAS, the Deputy Mayor/Director of the Department of Economic and Housing Development has determined that the Project is in the best interest of the City and recommends making a modification to the Right of Reverter contained in the Agreement, Second Amendment, and the Deed(s) by entering into a Third Amendment to Agreement for Sale of Land and Redevelopment, and a First Amendment to the Subordination Agreement, so as to accomplish the Project.

NOW, THEREFORE, BE IT RESOLVED 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 enter into and execute a Subordination Agreement with Community Loan Fund of New Jersey, Inc., 100 Albany Street, Suite 250, New Brunswick, New Jersey 08901 and 41 19th Ave Urban Renewal LLC and 650 Springfield Ave Urban Renewal, LLC, of Monmouth Junction, New Jersey 08852, in the form attached hereto as it pertains to the Properties which were sold to Redeveloper pursuant to Resolution 7R2-g(AS) adopted on April 19, 2017, for the 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 hereby authorized to enter into a Third Amendment to Agreement for Sale of Land and Redevelopment and a First Amendment to the Subordination Agreement with the Redeveloper, in the form attached hereto, related to the Properties for the Project.
3. All other terms and conditions of the Agreement for Sale and Redevelopment of Land authorized by and entered into pursuant to Resolution 7R2-g(AS) adopted on April 19, 2017, shall remain in full force and effect.
4. All other terms and conditions of the "First Amendment to Agreement for Sale of Land and Redevelopment" authorized by and entered into pursuant to Resolution 7R2-g(AS) adopted on July 22, 2020, shall remain in full force and effect.
5. All other terms and conditions of the "Second Amendment to Agreement for Sale of

Land and Redevelopment” authorized by and entered into pursuant to Resolution 7R2-d adopted on April 20, 2022, shall remain in full force and effect.

6. The Deputy Mayor/Director of the Department of Economic and Housing Development shall place a filed copy of this Resolution, the fully executed First Amendment to the Subordination Agreement and the Third Amendment to the Agreement for Sale of Land and Redevelopment with the Office of City Clerk.

STATEMENT

This Resolution authorizes the Mayor of the City of Newark and/or his designee, the Deputy Mayor/Director of the Department of Economic and Housing Development to subordinate the City's Reverter Rights through the execution of a First Amendment to the Subordination Agreement and a Third Amendment to Agreement for Sale and Redevelopment of Land, in accordance with N.J.S.A. 40:60-51.2, with 41 19th Ave Urban Renewal, LLC, 650 Springfield Ave Urban Renewal, LLC, and Community Loan Fund of New Jersey, Inc., a New Jersey Non-profit Corporation, its successors and assignees to enable the Redeveloper to obtain financing necessary to complete the construction of two (2) buildings consisting sixteen (16) affordable housing units through rehabilitation and new construction, along with approximately 1,900 square feet of commercial and community space and four (4) buildings consisting of sixty (60) market rate residential rental units on the properties located at 55 19th Avenue, 709 South 16th Street, 711 South 16th Street, 713 South 16th Street, 715 South 16th Street, 717 South 16th Street, 650-656 Springfield Avenue, 718-722 South 17th Street, 714-716 South 17th Street, 712 South 17th Street, 708 South 17th Street, and 724-726 South 17th Street, Newark, New Jersey, as shown on the Official Tax Map of the City of Newark as Block 364, Lots 1, 1.05, 9, 10, 11, 12, 13, 21, 22, 24, 26, 28, and 29, and further defined within the First and Second Amendments to Agreement for Sale and Redevelopment of Land within the South Ward.