



City of Newark

City Hall
920 Broad Street
Newark, New Jersey 07102

Legislation Text

File #: 12-2143, Version: 1

Dept/ Agency: Economic & Housing Development

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

Type of Service: Affordable Housing Agreement

Purpose: HOME funds to subsidize the new construction costs for eleven (11) of the fifty (50) rental housing units for seniors

Entity Name: Spruce Senior Urban Renewal Associates, LP

Entity Address: 3 East Stow Road Suite 100, Marlton, New Jersey 08053

Grant Amount: \$1,556,946.00

Funding Source: HUD, HOME Funding

Contract Period: Two years from the date of adoption of this authorizing resolution by Municipal Council.

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)

136-146 Spruce Street, Newark, New Jersey 07108 /Block 2556/ Lot 61/ t Central Ward

Additional Information:

Project name: Spruce Street Senior Apartments Project

WHEREAS, the City of Newark desires to enter into an Affordable Housing Agreement (the "Agreement") with Spruce Senior Urban Renewal Associates, LP, ("Entity") having its principal place of business at 3 East Stow Road, Marlton, New Jersey 08053; and

WHEREAS, the City of Newark desires to provide the entity with Federal HOME program funds in the form of a deferred loan for a period of thirty (30) years, pursuant to the HOME program (24 CFR part 92) and any amendments thereto; and

WHEREAS, the Agreement is for the amount of One Million, Five Hundred Fifty Six Thousand, Nine Hundred Forty-Six Dollars (\$1,556,946.00) in federal HOME program funds for the Spruce Street Senior Apartments Project to be located at 136-146 Spruce Street, Newark, New Jersey 07108 (Block 2556, Lot 61) in the Central Ward (the "Project") and such funds will be used to subsidize the new construction costs for eleven (11) of the fifty (50) rental housing units in the Project. The Project will create 40 one-bedroom units and 10 two-bedroom units. All of the units will be constructed to be fully accessible to seniors with mobility impairments. Units assisted with HOME program funds must be occupied by low and very low income seniors; and

WHEREAS, it is in the best interest of the City of Newark and the Department of Economic and Housing Development to establish contractual guarantees and procedures by which the City of Newark will ensure the Entity's compliance with the requirements of the federal HOME program funds for the time and in the manner set forth in the Agreement for the receipt of said 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 Deputy Mayor/Director of the Department of Economic and Housing Development are hereby authorized to enter into and execute an Affordable Housing Agreement ("the Agreement") with Spruce Senior Urban Renewal Associates, LP ("the Entity") having its principal place of business at 3 East Stow Road, Marlton Suite 100, New Jersey 08053 (the "Entity") for Federal HOME program funds, in the amount of One Million, Five Hundred Fifty Six Thousand, Nine Hundred Forty-Six Dollars (\$1,556,946.00), to subsidize the new construction costs of eleven (11) of the fifty (50) rental units within the project known as Spruce Street Senior Apartments Project (the "Project"). The Project will be located at 136-146 Spruce Street, Newark, New Jersey (Block 2556, Lot 61) in the Central Ward.
2. The Deputy Mayor/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. 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.
3. The mortgage and mortgage note given by the Entity shall ensure compliance with the HOME program, pursuant to the HOME program status and regulations (24 CFR Part 92).
4. The Entity shall be responsible for the recordation of the final fully executed Agreement, Mortgage and Mortgage Note and any amendments thereto in the Office of the Essex County Register's Office and shall also be solely responsible for forwarding a copy of such book and page to the Department of Economic and Housing Development and the Office of the City Clerk.
5. 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 Guidelines for 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.
6. Disbursement of the federal HOME program funds for the Project in the amount of One Million, Five Hundred Fifty Six Thousand, Nine Hundred Forty-Six Dollars (\$1,556,946.00) shall be subject to the terms and conditions set forth in the Agreement, which is attached hereto.
7. The Deputy Mayor/Director of the Department of Economic and Housing Development and/or

his designee is hereby authorized to effectuate certain business terms and conditions related to the Agreement annexed hereto 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 maximum of two (2) six (6) month extensions of the term of the agreement and any contract timeliness 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 form of a signed memorandum to be submitted prior to adoption to the Newark Municipal Council by the Deputy Mayor/Director of the Department of Economic and Housing Development and the approval of the Corporation Counsel.

8. 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 040595) and its Affirmative Action Plan (7RB-P 030195) 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 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.
 9. Units assisted with HOME program funds must be designated prior to occupancy. Households seeking to occupy a HOME assisted unit must be certified prior to occupancy and recertified annually. HOME assisted units are fixed units.
 10. The term of the Agreement shall be for a period of two years from the date of adoption of this authorizing resolution by the Municipal Council.
 11. Attached hereto is a certification from the Municipal Comptroller of the City of Newark, which states:
 - a) that there are sufficient funds in the amount of One Million, Five Hundred Fifty Six Thousand, Nine Hundred Forty-Six Dollars (\$1,556,946.00) for the purpose set forth herein and above; and
 - b) that the line appropriation of the official budget, which shall be charged is as follows:
- | Bus. Unit | Dept. ID | Div./Proj. | Activity | Acct.# | Budget Ref. |
|-----------|----------|------------|----------|--------|-------------|
| NW-051 | G04 | D14M0 | A | 72090 | B2004 |
| NW-051 | G10 | 1D030 A | 72090 | B2010 | |
12. A copy of this Resolution, the final fully executed Agreement authorized by this resolution and any further amendments authorized herein, and the certification of funds shall be placed on file in the Office of the City Clerk by the Deputy Mayor/Director of the Department of Economic and Housing Development.

STATEMENT

The Mayor and/or his designee, the Deputy Mayor/Director of the Department of Economic and Housing Development is hereby authorized to enter into and execute an Affordable Housing Agreement (the "Agreement") with Spruce Senior Urban Renewal Associates, LP, 3 East Stow Road, Marlton Suite 100, New Jersey 08053 (the "Entity") for Federal HOME program funds, in the amount of One Million, Five Hundred Fifty Six Thousand, Nine Hundred Forty-Six Dollars (\$1,556,946.00) to subsidize the new construction costs of eleven (11) of the fifty (50) rental units within the project known as Spruce Street Senior Apartments Project (the "Project"). The Project will be located at 136-146 Spruce Street, Newark, New Jersey 07108 (Block 2556, Lot 61) in the Central Ward. The HOME assisted units must remain affordable for a period of thirty (30) years pursuant to the requirements under the HOME program regulations (24 CFR Part 92).