



Legislation Text

File #: 14-1931, Version: 1

ORDINANCE GRANTING A THIRTY (30) YEAR TAX ABATEMENT TO RNJ NEVADA URBAN RENEWAL, LLC FOR AN APARTMENT COMPLEX LOCATED ON PROPERTY COMMONLY KNOWN AS 987-997 BROAD STREET (ALSO KNOWN AS 2 NEVADA) AND IDENTIFIED ON THE OFFICIAL TAX MAP OF THE CITY AS BLOCK 111, LOT 76

Sponsors: Chaneyfield Jenkins / Crump

PUBLIC HEARING WILL BE HEARD ON MUNICIPAL COUNCIL SPECIAL MEETING, DECEMBER 23, 2014

WHEREAS, RNJ Nevada Urban Renewal, LLC, c/o Jonathan Rose Companies, 551 Fifth Avenue, 23rd Floor, New York, NY 10176, filed an application with the Mayor seeking a long term tax abatement pursuant to Long Term Tax Exemption Law, N.J.S.A. 40A:20-1 et seq., ("LTTEL") for a thirty (30) year term for 987-997 Broad Street (aka 2 Nevada Street), Newark, New Jersey 07102 and identified on the official tax map of the City as Block 111, Lot 76, (the "Property"), consisting of the acquisition and renovation of 306 affordable housing units with emphasis on the following: window replacement and elevator replacement (the "Project"); and

WHEREAS, the Mayor has submitted the application and proposed Financial Agreement to the Municipal Council with his recommendation thereof, a copy of which is annexed hereto; and

WHEREAS, RNJ Nevada Urban Renewal, LLC has filed with the City a sworn statement that it has not made any contribution in violation of the City's Pay-to-Play ordinance; and

WHEREAS, the Municipal Council has determined pursuant to N.J.S.A. 40A:20-11 that the relative benefits of this Project outweigh any costs associated with this tax exemption and that without the tax abatement granted herein, the Project would not be undertaken.

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

1. The application of RNJ Nevada Urban Renewal, LLC for the construction of the Project described in the application is hereby approved in accordance with the recommendation of the Mayor.

2. The abatement from taxation on improvements is hereby granted to RNJ Nevada Urban Renewal, LLC for a period of thirty (30) years from the date of substantial completion of the Project, pursuant to LTTEL Law, and only so long as RNJ Nevada Urban Renewal, LLC is subject to and complies with the proposed Financial Agreement and the Long Term Tax Exemption Law, as amended and supplemented, and upon the further condition that RNJ Nevada Urban Renewal, LLC does not file a petition of tax appeal for the Property on which the Project is to be located.

3. The Mayor of the City of Newark is hereby authorized to execute, on the City's behalf, the Financial Agreement in the form attached hereto.

4. An executed copy of the Financial Agreement authorized by this ordinance shall be filed and maintained with the City Clerk.

5. The Project, when completed, will conform with all State laws and ordinances of the City of Newark relating to its construction and use.

6. RNJ Nevada Urban Renewal, LLC shall in the operation of the Project comply with all laws so that no

person shall be subject to any discrimination because of race, religious principles, color, national origin, or ancestry.

7. RNJ Nevada Urban Renewal, LLC shall file an employment report (herein described below) with the Office of Affirmative Action who shall forthwith after receiving the report send a copy thereof to the City Clerk and the Office of Affirmative Action shall forthwith investigate the matters contained therein and report its findings to the Municipal Council.

8. Subject to the requirements of paragraph 10 below, as of the Annual Service Charge Start Date (as defined in the Financial Agreement), RNJ Nevada Urban Renewal, LLC shall pay an estimated quarterly service charge to the City in the amount of \$81,581.00 until the correct amount due from RNJ Nevada Urban Renewal, LLC is determined by the City's Acting Director of Finance based upon the auditor's report that is required to be submitted under the Financial Agreement. The annual service charge shall be based on 6.28% of the Annual Gross Revenue from the residential housing units and 15% of all other income derived from the Project, including but not limited to parking, laundry room, vending machines, and the like, for years one through fifteen and shall then increase in phases as set forth more fully within the Financial Agreement. After the auditor's report required under the Financial Agreement has been accepted by the City's Acting Director of Finance, the City and RNJ Nevada Urban Renewal, LLC will adjust any over or under payment so made or needed to be made for the particular period covered by the auditor's report.

9. RNJ Nevada Urban Renewal, LLC shall pay the minimum annual service charge, as calculated pursuant to LTTEL Law and the Financial Agreement, in each year in which the annual service charge, as provided in paragraph 8 above, would be less than the minimum annual service charge.

10. The following occurrences and requirements are express conditions of the granting of this tax abatement, to be performed by RNJ Nevada Urban Renewal, LLC, and the failure to comply with these requirements will result in the cancellation of the tax abatement:

(a) RNJ Nevada Urban Renewal, LLC shall not, without prior consent of the Municipal Council of the City of Newark, sell, lease, assign, encumber, subordinate, convey, mortgage or transfer all, or any part of the Project, so as to sever, disconnect or divide the improvements from the land embraced within the Project;

(b) RNJ Nevada Urban Renewal, LLC shall be deemed to agree that if RNJ Nevada Urban Renewal, LLC operates, controls or manages the Project that it will in good faith assist the City of Newark in its goal of having fifty-one (51%) percent of all new jobs arising out of the businesses conducted on the Project site after the issuance of the Certificate of Occupancy and during the continuation of the tax exemption, dedicated to Newark residents, of which fifty-one (51%) percent of such all new employees shall be minority residents;

(c) RNJ Nevada Urban Renewal, LLC shall concomitantly, with the submission of the annual report required of it by N.J.S.A. 40A:20-9(d), attach an employment report under oath, with particulars, stating the manner and the extent to which it has complied with 11(c) above. This employment report shall be filed with the Acting Director of Finance, the City Clerk of the City of Newark, and the Director of the Department of Economic and Housing Development;

(d) RNJ Nevada Urban Renewal, LLC shall pay all outstanding taxes and all outstanding water and sewer charges within thirty (30) days of the adoption of this ordinance;

(e) RNJ Nevada Urban Renewal, LLC shall complete the Project within twenty-four (24) months of the date of adoption of this ordinance; provided, however, that 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 construction schedule deadlines set forth within the Financial Agreement and any other timelines and milestones, provided that such deadlines, 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 Newark Municipal Council by the Director of the Department of Economic and Housing Development;

(f) RNJ Nevada Urban Renewal, LLC shall submit any and all lease agreements and/or subleases entered into with related or third parties for the use and occupancy of space made available by RNJ Nevada Urban

Renewal, LLC to the Law Department and the Department of Economic and Housing Development. The obligation to submit lease agreements shall be a continuing obligation during the period of the Financial Agreement. All lease agreements shall be subject to review by the City for the purpose of determining the validity thereof and to ensure that lease agreements are executed as part of an arms-length transaction;

(g) RNJ Nevada Urban Renewal, LLC shall submit to the City a copy of its formation documents, as approved by the Department of Community Affairs and filed with the Secretary of State;

(h) RNJ Nevada Urban Renewal, LLC shall receive a favorable review and certification from the appropriate municipal departments and agencies;

(i) RNJ Nevada Urban Renewal, LLC shall secure all financing prior to the commencement of any construction.

11. That in any year that RNJ Nevada Urban Renewal, LLC shall fail to make four (4) consecutive land tax payments when due and owing in the manner defined in N.J.S.A. 40A:20-12(b)(2)(e), such delinquency shall render RNJ Nevada Urban Renewal, LLC ineligible for any land tax credits against the annual service charge.

12. RNJ Nevada Urban Renewal, LLC understands and agrees that the revenue projections set forth in the application are estimates and that the actual payments in lieu of taxes to be paid by RNJ Nevada Urban Renewal, LLC to the City shall be determined pursuant to the Financial Agreement to be executed between RNJ Nevada Urban Renewal, LLC and the City of Newark.

13. The City Clerk's Office of the City of Newark shall forthwith submit a certified copy of the ordinance approving the tax abatement and the proposed Financial Agreement to the Director of the Division of Local Government Services.

14. This ordinance shall take effect upon final passage and publication in accordance with the laws of the State of New Jersey.

STATEMENT

This ordinance grants a long term tax abatement to RNJ Nevada Urban Renewal, LLC, , c/o Jonathan Rose Companies, 551 Fifth Avenue, 23rd Floor, New York, NY 10176, under the LTTEL Law for a thirty-year (30) term for the acquisition and renovation of 306 affordable housing units for 987-997 Broad Street (aka 2 Nevada Street), Newark, New Jersey 07102 and identified on the official tax map of the City as Block 111, Lot 76 (collectively, the "Property")