



## Legislation Text

File #: 14-2059, Version: 1

**AN ORDINANCE GRANTING A THIRTY (30) YEAR TAX ABATEMENT TO 545 ORANGE STREET URBAN RENEWAL, LLC, THE OWNER OF AN AFFORDABLE HOUSING PROJECT CONSISTING OF ELEVEN (11) BUILDINGS AND THREE HUNDRED TWENTY FOUR (324) TENANT UNITS KNOWN AS NEW COMMUNITY MANOR LOCATED ON PROPERTY KNOWN AS 55-79 JONES STREET, 276-292 15<sup>TH</sup> AVENUE, 314-324 15<sup>TH</sup> AVENUE, 74-88 14<sup>TH</sup> AVENUE AND 535-551 ORANGE STREET AND IDENTIFIED ON THE OFFICIAL TAX MAP OF THE CITY AS BLOCK 239, LOT 13, BLOCK 249, LOT 15, BLOCK 247, LOT 19, BLOCK 245, LOT 1 AND BLOCK 1904, LOT 1. (CENTRAL/WEST WARDS)**

**Sponsors: Chaneyfield Jenkins/ Crump**

**WHEREAS**, 545 Orange Street Urban Renewal, LLC, c/o New Community Corporation, 233 West Market Street, Newark, New Jersey 07103, filed an application with the Mayor seeking a long term tax abatement under the Long Term Tax Exemption Law, N.J.S.A. 40A:20-1 et. seq. for a thirty (30) year term for a substantial renovation to an existing affordable housing project consisting of eleven (11) buildings and three hundred twenty four (324) tenant units known as New Community Manor located on real property commonly known as 55-79 Jones Street, 276-292 15<sup>th</sup> Avenue, 314-324 15<sup>th</sup> Avenue, 74-88 14<sup>th</sup> Avenue, and 535-551 Orange Street, Newark, New Jersey and identified on the City's tax map as Block 239, Lot 13, Block 249, Lot 15, Block 247, Lot 19, Block 245, Lot 1 and Block 1904, Lot 1 (collectively, the "Property") in order to construct certain improvements, including but not limited to the replacement of major interior and exterior structures such as entry doors, windows, and brick walls, the renovation of common and non-residential areas such as laundry, mailroom, hallways, stairways and offices, the replacement and improvement of kitchen cabinets, countertops, stoves, ranges, refrigerators, kitchen and bathroom flooring, bathroom fixtures, finished and lighting in the tenant units, and the renovation of HVAC and mechanical/electrical systems in the buildings (collectively, the "Project"); and

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

**WHEREAS**, in accordance with Ordinance No. 6PSF-a 050411 adopted May 4, 2011, 545 Orange Street Urban Renewal, LLC has filed with the City a sworn statement that it has not made any contribution in violation of said ordinance; and

**WHEREAS**, the City 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 CITY COUNCIL OF THE CITY OF NEWARK, NEW JERSEY, THAT:**

1. The application of 545 Orange Street Urban Renewal, LLC c/o New Community Corporation, 233 West Market Street, Newark, New Jersey 07103, for the development, maintenance and operation 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 545 Orange Street Urban Renewal, LLC for a period of thirty (30) years from the date of substantial completion of the Project, pursuant to N.J.S.A. 40A:20-12, and only so long as 545 Orange Street Urban Renewal, LLC is subject to and complies with the proposed Financial Agreement and the Long Term Tax Exemption Law, as amended and supplemented..
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. The Affirmative Action Program now on file in the Office of the City Clerk is declared to be a material condition of the Financial Agreement authorized by this ordinance.
7. 545 Orange Street 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.
8. 545 Orange Street 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 City Council.
9. The annual service charge shall be based on 6.28% of 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 Director of Finance, the City and 545 Orange Street 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.
10. 545 Orange Street Urban Renewal, LLC shall pay the minimum annual service charge, as calculated pursuant to N.J.S.A. 40A:20-12(b)(2)(e) and the financial agreement, in each year in which the annual service charge, as provided in paragraph 9 above, would be less than the minimum annual service charge.
11. The following occurrences and requirements are express conditions of the granting of this tax abatement, to be performed by 545 Orange Street Urban Renewal, LLC, and the failure to comply with these requirements will result in the cancellation of the tax abatement:

(a) 545 Orange Street Urban Renewal, LLC shall pay full taxes on the land and improvements of the Project (designated as Block 239, Lot 13, Block 249, Lot 15, Block 247, Lot 19, Block 245, Lot 1 and Block 1904, Lot 1) until the annual service charge becomes effective;

(b) 545 Orange Street Urban Renewal, LLC shall not, without prior consent of the City 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;

(c) 545 Orange Street Urban Renewal, LLC, pursuant to the Revised City Ordinance 10:24-1 et seq., as amended, shall be deemed to agree that it will in good faith assist the City of Newark in its goal of having 50% 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 25% of such all new employees shall be minority residents;

(d) 545 Orange Street 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 Director of Finance, the Clerk of the City of Newark, and the Director of the Department of Economic and Housing Development;

(e) 545 Orange Street 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;

(f) 545 Orange Street Urban Renewal, LLC shall complete the Project within twenty-four (24) months of the date of adoption of this ordinance; provided, however, that 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 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 City Council by the Deputy Mayor/Director of the Department of Economic and Housing Development;

(g) 545 Orange Street 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 545 Orange Street 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;

(h) 545 Orange Street 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;

(i) 545 Orange Street Urban Renewal, LLC shall receive a favorable review and certification from the appropriate City departments and agencies, pursuant to City Ordinance 6S&FD 102192, as amended;

(j) 545 Orange Street Urban Renewal, LLC shall secure all financing prior to the commencement of any construction.

12. That in any year that 545 Orange Street 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 545 Orange Street Urban Renewal, LLC ineligible for any land tax credits against the annual service charge.

13. 545 Orange Street 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 545 Orange Street Urban Renewal, LLC to the City shall be determined pursuant to the Financial Agreement to be executed between 545 Orange Street Urban Renewal, LLC and the City of Newark.

14. 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.

15. 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 545 Orange Street Urban Renewal, LLC, c/o New Community Corporation, , 233 West Market Street, Newark, New Jersey 07103, under the Long Term Tax Exemption Law, N.J.S.A. 40A:20-1 et. seq. for a thirty (30) year term for a substantial renovation to an existing affordable housing project consisting of eleven (11) buildings and three hundred twenty four (324) tenant units known as New Community Manor located on real property commonly known as 55-79 Jones Street, 276-292 15<sup>th</sup> Avenue, 314-324 15<sup>th</sup> Avenue, 74-88 14<sup>th</sup> Avenue, and 535-551 Orange Street, Newark, New Jersey and identified on the City's tax map as Block 239, Lot 13, Block 249, Lot 15, Block 247, Lot 19, Block 245, Lot 1 and Block 1904, Lot 1. (Central/West Wards)