



City of Newark

City Hall
920 Broad Street
Newark, New Jersey 07102

Legislation Text

File #: 16-1282, Version: 1

Dept/ Agency: Economic and Housing Development

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

Type of Service: Private Sale/Redevelopment

Purpose: Ratifying Prior Assignments of the Original Redevelopment Agreement with George Group, LLC., Authorizing Second Amendment to Original Redevelopment Agreement and Execution of Redevelopment Agreement with Fairmount S. 10th Street Apartments, LLC., to create special needs and supportive housing

Entity Name: Fairmount S. 10th Street Apartments, LLC.

Entity Address: 73 Washington Street, Suite 100, Bloomfield, New Jersey 07003

Sale Amount: \$56,592.00

Cost Basis: (X) \$4.00 PSF () Negotiated () N/A () Other:

Assessed Amount: \$1,005,300.00

Appraised Amount: \$0.00

Contract Period: To be commenced within three (3) months and completed within twenty-four (24) months from the transfer of ownership by the City

Contract Basis: () Bid () State Vendor () Prof. Ser. () EUS

() Fair & Open () No Reportable Contributions () RFP () RFQ

(X) Private Sale () Grant () Sub-recipient () n/a

List of Property:

(Address/Block/Lot/Ward)

101 S. 9th Street/Block 1827/Lot 12/West Ward

Additional Information:

Property commonly known as 128-134 S 10th Street.

Resolution 7R3-a, adopted March 5, 2008, designated George Group, LLC as the Redeveloper/Qualified Rehabilitation Entity of the Property

Resolution 7R3-a(S), adopted November 24, 2009, authorized First Amendment to Redevelopment Agreement

Failed 7R3-d (s) 091316

WHEREAS, the purpose of this Resolution is to (1) ratify and affirm prior assignments of the Original Redevelopment Agreement as set forth herein; (2) authorize the execution of a Second Amendment to the Original Redevelopment Agreement as set forth herein; and (3) authorize the sale and redevelopment and/or rehabilitation, as may be applicable, of the following City-owned property located within the West Ward of the City, referred to herein as the "South Street Property":

<u>ADDRESS</u>	<u>WARD</u>	<u>BLOCK</u>	<u>LOTS</u>	<u>SQ. FEET</u>
101 S 9 th Street	West	1827	12, 70	14,148.

(the "Property")

Total Purchase Price: \$56,592.00 (\$4.00 per sf); and

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

WHEREAS, on November 20, 2001, the Municipal Council of the City of Newark (the “Municipal Council”) adopted Ordinance 6S&F approving the First Amendment to the West Ward Redevelopment Plan adopted by Ordinance 6S&FC on March 6, 2001 for the Redevelopment Area within which a portion of the Property designated on the Tax Map of the City of Newark as Block 1827, Additional Lot 70 is located; and

WHEREAS, on August 17, 2005, the Municipal Council thereafter adopted Ordinance 6S&Fc (S) approving the Second Amendment to the West Ward Redevelopment Plan (the “West Ward Redevelopment Plan”); and

WHEREAS, in order to stimulate the reinvigoration of the City of Newark (the “City”), on June 15, 2005, by Resolution 7Rdo (A.S.) dated 061505, the entire City was designated as an area in need of rehabilitation pursuant to the Act; and

WHEREAS, on March 5, 2008, the Municipal Council of the City of Newark (the “Municipal Council”) adopted Resolution 7R3-a-March 5, 2008 (the “2008 Resolution”) designating the George Group, LLC as the redeveloper, pursuant to the Act, and the qualified rehabilitation entity, pursuant to the Abandoned Properties and Rehabilitation Act, N.J.S.A. 55:19-78, et seq., for the Targeted Neighborhood Abandoned and Vacant Properties Restoration Project in the West Ward (the “Abandoned Properties Project”); and

WHEREAS, the Abandoned Properties Project involved the acquisition and redevelopment of numerous parcels located within the West Ward comprised of a combination of privately-owned abandoned properties, privately-owned vacant properties and City-owned properties which the City had determined were no longer needed for public use (collectively, the “Properties”); and

WHEREAS, on December 3, 2008, the Municipal Council adopted Ordinance 6PSF-a approving the Scattered Site Fairmount Neighborhood Redevelopment Plan (the “Scattered Site Redevelopment Plan”), as may be amended, for the Redevelopment Area within which a portion of the Property known as Block 1827, Lot 12 is located; and

WHEREAS, the West Ward Redevelopment Plan and the Scattered Site Redevelopment Plan are collectively referred to herein as the “Redevelopment Plans”; and

WHEREAS, in accordance with the 2008 Resolution, the City entered into an agreement with the George Group, LLC, fully executed on April 14, 2008 (the “Original Redevelopment Agreement”) setting forth the parties’ obligations with respect to the Abandoned Properties Project and specifically identifying and listing the Properties by lot and block on Exhibits attached to the Original Redevelopment Agreement (collectively, the “Property Lists”); and

WHEREAS, on or about December 2, 2008 the George Group, LLC assigned its interest in the Original Redevelopment Agreement to Fairmount Heights Development Company, LLC (“FHDC”) in which the George Group, LLC had sole membership interest (the “George Group Assignment”); and

WHEREAS, on or around February 24, 2009, the George Group, LLC accepted the Greater Newark Housing Partnership, Inc. (“GNHP”) into FHDC as a member and subsequently, GNHP became the managing member of FHDC (collectively, the “GNHP Acquisition”); and

WHEREAS, on November 24, 2009, the Municipal Council adopted Resolution 7R3-a(S) (the “2009 Resolution”) authorizing the first amendment of the Original Redevelopment Agreement in order to, *inter alia*, revise the Property Lists; and

WHEREAS, in accordance with the 2009 Resolution, the City entered into a First Amendment to the Original Redevelopment Agreement with FHDC fully executed on January 28, 2010 (the “First Amendment”) in order to add certain parcels to the Property Lists and delete a certain parcel from the Property Lists; and

WHEREAS, the City wishes to hereby ratify and confirm the George Group Assignment and the GNHP Acquisition with regard to the Original Redevelopment Agreement and the First Amendment as well as expressly confirm that FHDC is the exclusive redeveloper of the Properties; and

WHEREAS, the City and FHDC wish to enter into a Second Amendment to the Original Redevelopment Agreement in the form attached hereto as **Exhibit A** in order to delete certain Properties from the Property Lists, as amended by the First Amendment, including the South Street Property (the “Property”); and

WHEREAS, additionally, the City has received a proposal for the purchase and rehabilitation of the Property from Fairmount S. 10th Street Apartments, LLC, a joint venture entity which is comprised of GNHP and Parkmont Housing and Redevelopment, LLC (the “Redeveloper”), having an address of 73 Washington Street, Suite 100, Bloomfield, New Jersey 07003 to rehabilitate the Property into special needs and supportive housing, comprising twenty-three (23) permanent rental units, in conjunction with the Abandoned Properties Project; and

WHEREAS, the City has determined that the Property is no longer needed for any public use; and

WHEREAS, pursuant to N.J.S.A. 40A:12A-8(g), the City is proceeding with the rehabilitation of the Property and is permitted to convey it at such price and upon such terms as it deems reasonable; and

WHEREAS, pursuant to the above-mentioned statutory authority, the Department of Economic and Housing Development has recommended that the City sell the Property to Fairmount S. 10th Street Apartments, LLC which is willing to purchase the Property from the City, for the nominal consideration of Fifty-Six Thousand, Five Hundred Ninety-Two Dollars and Zero Cents (\$56,592.00) for the purpose of rehabilitating it in accordance with the Act and the West Ward Redevelopment Plan, as amended; and

WHEREAS, based upon the City's review of the Proposal and other such information, the City has determined that the Redeveloper possesses the proper qualifications and requisite financial resources and capacity to acquire the Property and to rehabilitate it in accordance with the requirements of the Act, the terms and conditions of the Agreement for the Sale of Land and Redevelopment, the form of which is attached hereto as **Exhibit B** (the "Redevelopment Agreement"), and the Redevelopment Plans, as may be amended; and

WHEREAS, the City and the Redeveloper wish to enter into a separate agreement in the form of the Agreement for the Sale of Land and Redevelopment attached hereto for the rehabilitation of the Property.

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

1. The George Group Assignment and the GNHP Acquisition with regard to the Original Redevelopment Agreement and the First Amendment are hereby ratified and confirmed and FHDC is hereby expressly confirmed to be the exclusive redeveloper of the Properties identified in the Original Redevelopment Agreement, as amended.
2. All other terms and conditions of the Original Redevelopment Agreement and the First Amendment not otherwise amended by this resolution are hereby ratified and confirmed and shall remain in full force and effect.
3. The Mayor and/or a designee of the Mayor and the Deputy Mayor/Director of the Department of Economic and Housing Development are hereby authorized to enter into and execute the Second Amendment to the Original Redevelopment Agreement in the form attached hereto as **Exhibit A**.
4. The Mayor and/or a designee of the Mayor and the Deputy Mayor/Director of the Department of Economic and Housing Development are hereby authorized to enter into and execute the Agreement for the Sale and Redevelopment of Land in the form attached hereto as **Exhibit B** with Fairmount S. 10th Street Apartments, LLC, having an address of 73 Washington Street, Suite 100, Bloomfield, New Jersey 07003, for the private sale and rehabilitation of the following Property, for the following Purchase Price, in accordance with the requirements of N.J.S.A. 40A:12A-8(g), the terms and conditions of the attached Agreement and the West Ward Redevelopment Plan, as amended:

<u>ADDRESS</u>	<u>WARD</u>	<u>BLOCK</u>	<u>LOTS</u>	<u>SQ. FEET</u>
101 S 9 th Street	West	1827	12, 70	14,148.

Total Purchase Price: \$56,592.00 (\$4.00 per sf)

5. The Property shall be sold to the Redeveloper by private sale for the purpose of rehabilitating the Property and all deeds in connection with the Property shall contain resale and/or use restrictions which shall run with the land in accordance with the terms of the Redevelopment Agreement.

6. 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 Property and the Redevelopment Agreement and may enter into any related documents which may be necessary in order to effectuate the sale of the Property and the terms and conditions of the Redevelopment Agreement, all in forms subject to the approval of the City of Newark Corporation Counsel.

7. Fairmount S. 10th Street Apartments, LLC, shall be designated as the exclusive redeveloper of the Property and any other prior legislation authorizing or intended to authorize the sale and/or redevelopment and/or rehabilitation of the Property is hereby rescinded.

8. The Redeveloper shall have thirty (30) days from the date this resolution is certified by the Office of the City Clerk to execute the attached Redevelopment Agreement and return same to the Department of Economic and Housing Development. Should the Redeveloper fail to execute and return the attached Redevelopment Agreement within this thirty (30) day time period, the authorization provided by this resolution shall be null and void, unless the Deputy Mayor/Director of the Department of Economic and Housing Development agrees in writing to extend this thirty (30) day time period.

9. The rehabilitation of the Property shall be commenced within sixty (60) days of Redeveloper's receipt of requisite Governmental Approvals for the Project and be completed within eighteen (18) months from the commencement of construction.

10. 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 any timeframe as set forth in the Redevelopment Agreement, subject to full written disclosure of such extension(s) (in the form of a signed memorandum to be submitted to the Office of the City Clerk prior to adoption) to the Municipal Council of the City of Newark by the Deputy Mayor/Director of the Department of Economic and Housing Development and the approval of the City of Newark Corporation Counsel.

11. The Redeveloper shall be required to comply with the City of Newark's Minority Set-Aside Ordinance 6S&Fd, dated April 5, 1995; the City of Newark's Affirmative Action Plan 7RB-p, dated 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 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 (the "First Source Ordinance"), all as may be applicable. In addition, the Redeveloper has agreed to ensure that 30% of all contractors, subcontractors and suppliers shall be Newark-based companies.

12. 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 Property as may be necessary. Should the Redeveloper fail to diligently pursue the rehabilitation of the Property, then the City, in its sole discretion, may exercise its Right of Reverter to transfer title to the Property back to the City, in accordance with the terms and conditions of the Agreement.

13. The Deputy Mayor/Director of the Department of Economic and Housing Development is hereby authorized to execute a Deed to the Redeveloper for the Property, containing the above-referenced Right of Reverter. Said Deed conveying title to the Property to the Redeveloper shall be approved as to form and legality by the City's Corporation Counsel and attested to and acknowledged by the City Clerk.

14. The Deputy Mayor/Director of the Department of Economic and Housing Development shall place a copy of the executed Agreement for the Sale and Redevelopment of Land, the Deed, and all such other executed agreements authorized by this resolution on file in the Office of the City Clerk.

15. The Director of Finance is hereby authorized to receive proceeds of the sale and to deposit same as follows: ninety (90) percent of the sale proceeds shall be deposited into the Redevelopment Acquisition Dedicated Trust Fund established under Resolution 7Rcs(AS) dated April 16, 1986; and ten (10) percent of the sale proceeds shall be placed in the City's Affordable Housing Trust Fund established under City Ordinance 6PS&Ff dated June 21, 2006 for the purpose of preserving low and moderate income affordable housing.

16. This resolution shall take effect immediately.

STATEMENT

This Resolution: (1) ratifies and affirms the prior assignments of the Original Redevelopment Agreement as set forth herein; (2) authorizes the execution of a Second Amendment to the Original Redevelopment Agreement as set forth herein; and (3) authorizes the Mayor and/or the Mayor's designee and the Deputy Mayor/Director of Economic and Housing Development to enter into and execute an Agreement for the Sale and Redevelopment of Land with Fairmount S. 10th Street Apartments, LLC for the private sale and rehabilitation of the following Property, for the following Purchase Price, in accordance with the requirements of N.J.S.A. 40A:12A-8(g), the terms and conditions of the attached Agreement for the Sale and Redevelopment of Land and the West Ward Redevelopment Plan, as amended:

<u>ADDRESS</u>	<u>WARD</u>	<u>BLOCK</u>	<u>LOTS</u>	<u>SQ. FEET</u>
101 S 9 th Street	West	1827	12, 70	14,148.

Total Purchase Price: \$56,592.00 (\$4.00 per sf)

to create special needs and supportive housing.