



# City of Newark

City Hall  
920 Broad Street  
Newark, New Jersey 07102

## Legislation Text

File #: 16-0858, Version: 1

**Dept/ Agency:** Economic and Housing Development

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

**Type of Service:** Affordable Housing Agreement

**Purpose:** To grant financial assistance for a project consisting of five (5) three-family homes and three (3) two-family homes located within the West Ward Redevelopment Plan.

**Entity Name:** Urban League of Essex County

**Entity Address:** 508 Central Avenue, Newark, New Jersey 07107

**Grant Amount:** \$500,000.00

**Funding Source:** Federal HOME Funds

**Contract Period:** The term of the Agreement shall be for a period of two (2) years from the date of adoption of this authorizing resolution by the Newark Municipal Council

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

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

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

**List of Property:**

**(Address/Block/Lot/Ward)**

231 Fairmont Avenue, 479 S. 14<sup>th</sup> Street, 224 Fairmount Avenue, 228 Fairmount Avenue, 227-229 Fairmount Avenue, 219-221 Fairmount Avenue and 217 Fairmount Avenue, Newark, New Jersey and identified on the official tax map of the City as Block 263, Lot 63, Block 329, Lot 21, Block 262, Lot 3, Block 262, Lot 1, Block 263, Lot 61, Block 263, Lot 58, and Block 263, Lot 69, respectively.

**Additional Information:**

**WHEREAS**, the City of Newark, New Jersey (the "City"), desires to enter into an Affordable Housing Agreement (the "Agreement") with the Entity having its principal place of business at 508 Central Avenue, Newark, New Jersey 07107; and

**WHEREAS**, the City 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 Five Hundred Thousand Dollars and Zero Cents (\$500,000.00) in Federal HOME program funds for the Project to be located at 231 Fairmont Avenue, 479 S. 14<sup>th</sup> Street, 224 Fairmount Avenue, 228 Fairmount Avenue, 227-229 Fairmount Avenue, 219-221 Fairmount Avenue and 217 Fairmount Avenue, Newark, New Jersey and identified on the official tax map of the City as Block 263, Lot 63, Block 329, Lot 21, Block 262, Lot 1, Block 263, Lot 61, Block 263, Lot 58, and Block 263, Lot 69, respectively (collectively, the "Properties"), consisting of five (5) three-family owner-occupied residential homes and three (3) two-family owner-occupied residential homes for a total of twenty-one (21) affordable housing units (collectively, the "Project"). All units assisted with HOME Program funds must be occupied by households earning 80% or less of Area Median Income (AMI); and

**WHEREAS**, the HOME program funds authorized by this Resolution in the amount of Five Hundred Thousand Dollars and Zero Cents (\$500,000.00) are only being made available to the Entity; and

**WHEREAS**, it is in the best interest of the City and the Department of Economic and Housing Development to establish contractual guarantees and procedures by which the City will ensure the Entity's compliance with the requirements of the federal HOME Program 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 Urban League of Essex County (the "Entity"), 508 Central Avenue, Newark, New Jersey 07107, for Federal HOME program funds in the amount of Five Hundred Thousand Dollars and Zero Cents (\$500,000.00) to subsidize the construction and development costs of eight (8) of the approximately twenty-one (21) units to be constructed within the owner occupied project known as the "Fairmount Heights" (the "Project"). The site of the Project will be located at: 231 Fairmont Avenue (Block 263, Lot 63), 479 S. 14<sup>th</sup> Street (Block 329, Lot 21), 224 Fairmount Avenue (Block 262, Lot 3), 228 Fairmount Avenue (Block 262, Lot 1), 227-229 Fairmount Avenue (Block 263, Lot 61), 219-221 Fairmount Avenue (Block 263, Lot 58), and 217 Fairmount Avenue (Block 263, Lot 69), Newark, New Jersey 07107.

2. The Deputy Mayor/Director of the Department of Economic and Housing Development is hereby authorized, directed and empowered 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 Entity shall be responsible for the recordation of the final fully executed Agreement, Mortgage and Security Agreement, the Note and any amendments thereto in the Office of the Essex County Register's Office.

4. The Mortgage and Mortgage Note given by the Entity in favor of the City of Newark shall ensure compliance with all of the requirements of the HOME program, pursuant to the HOME program statute and regulations (24 CFR Part 92).

5. Subject to the satisfaction in the sole discretion of the City of all of the terms, covenants and other conditions set forth in the Agreement and other documents and agreements executed and delivered by the Entity in connection herewith and the Project, the Mortgage Note and the Mortgage made in favor of the City shall be forgiven and discharged by the City upon the expiration of the thirty (30) year affordability period. Notwithstanding the foregoing, the loan will be required to be repaid in full at the end of the thirty (30) year affordability period or earlier if any of the terms, covenants and other conditions of the Agreement and/or other documents and agreements executed and delivered by the Entity in connection herewith and the Project have been violated and/or breached by the Entity or the Entity otherwise defaults with respect to their respective terms, covenants and/or conditions as provided therein.

6. The Deputy Mayor/Director of the Department of Economic and Housing Development is hereby authorized, directed and empowered to effectuate certain business terms and conditions related to the Agreement annexed hereto as permitted by New Jersey Law 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 a maximum of two six-month extensions of the term of the contract and any contract timelines and milestones, provided that any contract timelines and milestones are not extended beyond the two permitted six 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 Deputy Mayor/Director of the Department of Economic and Housing Development and the approval of the Corporation Counsel.

7. Disbursement of the federal HOME program funds for the Project in the amount of Five Hundred Thousand Dollars and Zero Cents (\$500,000.00) shall be subject to the terms and conditions set forth in the Agreement, which is attached hereto and made a part hereof.

8. 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. The properties must conform to the City of Newark Design and Construction Standards Guidelines for New 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.

9. The term of the Agreement shall be for a period of two years from the date of adoption of this authorizing resolution by the Newark Municipal Council. The Project deadlines set forth herein may be extended upon written request to the Deputy Mayor/Director of the Department of Economic and Housing Development for up to a maximum of two (2) additional six (6) month periods upon an affirmative showing of good cause. HOME program funds must be expended within 48 months from the date of adoption.

10. 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 April 5, 1995) and its Affirmative Action Plan (7Rbp March 1, 1995) 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 30% of the workers employed during the construction of the project shall be Newark residents and that 25% of all contractors, subcontractors and suppliers shall be Newark companies.

11. HOME program funds authorized by this Resolution in the amount of Five Hundred Thousand Dollars and Zero Cents (\$500,000.00) are only being made available to the Entity.

12. Units assisted with HOME program funds must be designated upon execution of the Agreement and must remain fixed units for the duration of the affordability period. Households seeking to occupy a HOME assisted unit must be certified prior to occupancy and recertified annually.

13. Attached hereto is a certification from the Municipal Comptroller of the City of Newark which states:

a) there are sufficient funds in the amount of Five Hundred Thousand Dollars and Zero Cents (\$500,000.00) for the purpose set forth herein and above; and

b) that the line appropriation of official budget which shall be charged as follows:

Business Unit	Department ID	Div./Proj	Account	Budget Ref.	Amount
NW051	G15	D1540	72090	B2015	\$500,000.00

### **STATEMENT**

This Resolution authorizes the Mayor and/or his designee, or the Deputy Mayor/Director of Economic and Housing Development to enter into and execute an Affordable Housing Agreement with the Urban league of Essex County, 508 Central Avenue, Newark, New Jersey 07107, for Federal HOME program funds in the amount of Five Hundred Thousand Dollars and Zero Cents (\$500,000.00) to subsidize the construction and development costs for the construction and development of a project consisting of five (5) three-family owner-occupied residential homes and seven (2) two-family owner-occupied residential homes for a total of twenty-one (21) affordable housing units.