



Legislation Text

File #: 16-1990, Version: 2

AN ORDINANCE GRANTING A THIRTY (30) YEAR TAX ABATEMENT TO 540 BROAD STREET OWNERS, LLC, 1865 PALMER AVENUE, SUITE 203, LARCHMONT, NEW YORK 10538, FOR A PROJECT TO RENOVATE AND REHABILITATE AN EXISTING, UNDERUTILIZED OFFICE BUILDING INTO APPROXIMATELY 208 MARKET RATE RESIDENTIAL APARTMENT UNITS, (II) 52 LOW INCOME APARTMENT UNITS RENTED TO PERSONS EARNING LESS THAN FIFTY PERCENT (50%) OF THE AREA MEDIAN, AND (III) APPROXIMATELY 60,000 GROSS SQUARE FEET OF OFFICE/NON-RESIDENTIAL SPACE AND 17,000 SQUARE FEET OF RETAIL SPACE, AND ALL RELATED IMPROVEMENTS LOCATED ON REAL PROPERTY COMMONLY KNOWN AS 538-546 BROAD STREET, NEWARK, NEW JERSEY AND IDENTIFIED ON THE CITY'S TAX MAP AS BLOCK 24, LOT 29 (CENTRAL WARD).

Deferred 6PSF-b 051717

PUBLIC HEARING WILL BE HELD ON MAY 23, 2017, SPECIAL MEETING

WHEREAS, on June 14, 2016, 540 Broad Street Owners, LLC, 1865 Palmer Avenue, Suite 203, Larchmont, New York 10538 (the "Entity") filed an application with the Mayor seeking a long term tax abatement pursuant to the New Jersey Housing and Mortgage Finance Agency Law of 1983, as amended and supplemented (N.J.S.A. 55:14K-1 et seq., (the "HMFA Law")), for a project to renovate and rehabilitate an existing, underutilized office building into approximately (i) 208 market rate residential apartment units, (ii) 52 low income apartment units rented to persons earning less than fifty percent (50%) of the area median income, and (iii) approximately 60,000 gross square feet of office/non-residential space and 17,000 square feet of retail space, and all related improvements located on real property commonly known as 538-546 Broad Street, Newark, New Jersey and identified on the City's tax map as Block 24, Lot 29 (collectively, the "Project")

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, in accordance with Ordinance. 6PSF-a, adopted May 4, 2011, the Entity has filed with the City a sworn statement that it has not made any contribution in violation of said ordinance; and

WHEREAS, the Municipal Council has determined 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 540 Broad Street Owners, LLC, 1865 Palmer Avenue, Suite 203, Larchmont, New York 10538 ("Entity") and the rehabilitation of the Project described in the application is hereby approved in accordance with the recommendation of the Mayor to renovate and rehabilitate an existing, underutilized office building into approximately (i) 208 market rate residential apartment units, (ii) 52 low income apartment units rented to persons earning less than fifty percent (50%) of the area median income, and (iii) approximately 60,000 gross square feet of office/non-residential space and 17,000 square feet of retail space, and all related improvements located on real property commonly known as 538-

546 Broad Street, Newark, New Jersey and identified on the City's tax map as Block 24, Lot 29 (Central Ward).

2. The abatement from taxation on improvements is hereby granted to the Entity for a period of thirty (30) years pursuant to HMFA Law, but shall not extend beyond the date in which the HMFA loan for the Project is paid in full, and the Entity shall be subject to the provisions and conditions of the HMFA Law and the Financial Agreement annexed hereto.

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 Entity 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. The Entity 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 9 below, as of the Annual Service Charge Start Date (as defined in the Financial Agreement), the Entity shall pay an estimated quarterly service charge to the City until the correct amount due from the Entity is determined by the City's 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 range from 6.28% to 11% of the Annual Gross Revenue generated from the Project depending upon the specific Project component, for up to thirty (30) years 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 the Entity 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. The following occurrences and requirements are express conditions of the granting of this tax abatement, to be performed by the Entity, and the failure to comply with these requirements will result in the cancellation of the tax abatement:

(a) The Entity shall pay full taxes on the Project until the annual service charge becomes effective;

(b) The Entity 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;

(c) The Entity, pursuant to the Revised City Ordinance 10:24-1 et seq., as amended, shall be deemed to agree that if the Entity operates, controls or manages the Project that it will make its Best Efforts (as defined in the Financial Agreement) to achieve the goal of having 51% 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 a goal of 51% of such all new employees shall be minority residents;

(d) The Entity shall concomitantly, with the submission of the annual report required of it, attach an employment report under oath, with particulars, stating the manner and the extent to which it has complied with 9(c) above. This employment report shall be filed with the Director of Finance, the City Clerk of the City of Newark, and the Deputy Mayor/Director of the Department of Economic and Housing Development;

(e) The Entity shall pay all outstanding taxes and all outstanding water and sewer charges within thirty (30) days of the adoption of this ordinance;

(f) The Entity shall receive a favorable review and certification from the appropriate municipal

departments and agencies, pursuant to Municipal Ordinance 6S&F-d October 21, 1992, as amended;

(g) The Entity shall secure all financing prior to the commencement of any construction.

10. That in any year that the Entity shall fail to make four (4) consecutive land tax payments when due and owing such delinquency shall render the Entity ineligible for any land tax credits against the annual service charge.

11. The Entity shall submit to the City of Newark's Department of Economic and Housing Development or its assigned agent all documentation which it is required to submit and maintain in accordance with the terms and conditions of the financing to be provided by the HMFA and all other sources of funding received.

12. The Entity shall submit to the City of Newark's Law Department and Department of Economic and Housing Development copies of the mortgage and all other loan documents executed between the Entity and the HMFA within 30 days of the closing.

13. To the extent of any inconsistency with any prior City ordinance and/or Municipal Code, such prior City ordinances and/or Municipal Code provisions are hereby waived, but only with respect to this ordinance.

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 540 Broad Street Owners, LLC, 1865 Palmer Avenue, Suite 203, Larchmont, New York 10538, under the HFMA Law for thirty (30) years for a project to renovate and rehabilitate an existing, underutilized office building into approximately (i) 208 market rate residential apartment units, (ii) 52 low income apartment units rented to persons earning less than fifty percent (50%) of the area median income, and (iii) approximately 60,000 gross square feet of office/non-residential space and 17,000 square feet of retail space, and all related improvements located on real property commonly known as 538-546 Broad Street, Newark, New Jersey and identified on the City's tax map as Block 24, Lot 29 (Central Ward).