



Legislation Text

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AN ORDINANCE GRANTING A THIRTY (30) YEAR TAX ABATEMENT TO GK PRESERVATION LLC, 1865 PALMER AVENUE, SUITE 203, LARCHMONT, NEW YORK 10538-1053, FOR A PROJECT TO SIGNIFICANTLY REHABILITATE A FOUR HUNDRED TWENTY-TWO (422) UNIT HOUSING COMPLEX, INCLUDING TWO 18-STORY HIGH RISE BUILDINGS AND 24 TWO AND THREE STORY TOWNHOUSE STYLE BUILDINGS GROUPED IN SIX CLUSTERS, LOCATED AT 200 AND 250 GEORGIA KING VILLAGE, 4-70 LITTLETON AVENUE, 352-374 WEST MARKET STREET AND 17-49 BERGEN STREET AND IDENTIFIED ON THE CITY'S TAX MAPS AS BLOCK 1808, LOT 1, BLOCK 1832, LOT 1, BLOCK 1833, LOTS 1, 60 AND 65 AND BLOCK 1834, LOT 55. (WEST WARD)

WHEREAS, on September 7, 2016, GK Preservation 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 term of thirty (30) years for a project to significantly rehabilitate a four hundred twenty-two (422) unit housing complex, including two 18-story high rise buildings and 24 two and three story townhouse style buildings grouped in six clusters, located at 200 and 250 Georgia King Village, 4-70 Littleton Avenue, 352-374 West Market Street and 17-49 Bergen Street and identified on the City's tax maps as Block 1808, Lot 1, Block 1832, Lot 1, Block 1833, Lots 1, 60 and 65 and Block 1834, Lot 55 (the "Project"); and

WHEREAS, the real property that is the subject of this Project, has an original tax abatement for fifty (50) years which is scheduled to expire on or about the year 2023; and

WHEREAS, this original tax abatement was granted to To-Salt Renewal and Redevelopment in April of 1973, then it was assigned/transferred to Georgia King Associated, a limited-dividend housing association on December 15, 1976, then it was assigned/transferred to GKV Preservation Partnership, L.P. on July 11, 2001; and

WHEREAS, the real property is currently owned by GKV Preservation Partnership, LP which presently is bounded by the original tax abatement for fifty (50) years; and

WHEREAS, once the Annual Service Charge begins on the new abatement for GK Preservation, LLC, then the fifty (50) year tax abatement assigned/transferred to GKV Preservation Partnership, LP will cease; 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, in accordance with Ordinance 6PSF-a, adopted May 4, 2011, GK Preservation LLC, 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 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 GK Preservation LLC, 1865 Palmer Avenue, Suite 203, Larchmont, New York 10538, for the rehabilitation of the Project described in the application is hereby approved in accordance with the recommendation of the Mayor to significantly rehabilitate a four hundred twenty-two (422) unit housing complex, including two 18-story high rise buildings and 24 two and three story townhouse style buildings grouped in six clusters, located at 200 and 250 Georgia King Village, 4-70 Littleton Avenue, 352-374 West Market Street and 17-49 Bergen Street and identified on the City's tax maps as Block 1808, Lot 1, Block 1832, Lot 1, Block 1833, Lots 1, 60 and 65, and Block 1834, Lot 55.

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. Once the Annual Service Charge starts for GK Preservation, LLC, then the fifty (50) year tax abatement held by GKV Preservation Partnership, LP, will cease, and this tax abatement will take effect.

4. 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.

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

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

7. 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.

8. 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.

9. 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.

10. The annual service charge shall be based on 6.28% of the Annual Gross Revenue generated from the Project as set forth more fully within the Financial Agreement.

11. The Entity shall pay the minimum annual service charge, as calculated pursuant to HMFA Law and the Financial Agreement, in each year in which the annual service charge would be less than the minimum annual service charge.

12. 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 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) The Entity, 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;

(c) 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 10(b) above. This employment report shall be filed with the Director of Finance, the City Clerk and the Acting Director of the Department of Economic and Housing Development;

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

(e) The Entity 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; and

(f) The Entity shall receive a favorable review and certification from the appropriate City departments and agencies, pursuant to City Ordinance 6S&Fd, adopted October 21, 1992, as amended.

13. 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.

14. The Entity 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 the Entity to the City shall be determined pursuant to the Financial Agreement to be executed between the Entity and the City of Newark.

15. To the extent of any inconsistency with any prior City ordinance and/or Municipal Code

provision governing the granting of long-term tax exemptions, including, inter alia, procedures for application, review and approval, required terms of the Financial Agreement, required conditions and covenants, limits on duration, means of enforcement, and all other matters whatsoever, such prior City ordinances and/or Municipal Code provisions are hereby waived, but only with respect to this ordinance.

16. Within 10 calendar days following the later of the effective date of this Ordinance or the execution of the Financial Agreement by the Entity, the City Clerk's Office of the City of Newark shall transmit a certified copy of the Ordinance and Financial Agreement to the Chief Financial Officer of the County and to the County Counsel for informational purposes.

17. 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.

18. 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.

19. 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 GK Preservation LLC, 1865 Palmer Avenue, Suite 203, Larchmont, New York 10538 under the HFMA Law for thirty (30) years for a project to significantly rehabilitate a four hundred twenty-two (422) unit housing complex, including two 18-story high rise buildings and 24 two and three story townhouse style buildings grouped in six clusters, located at 200 and 250 Georgia King Village, 4-70 Littleton Avenue, 352-374 West Market Street and 17-49 Bergen Street and identified on the City's tax maps as Block 1808, Lot 1, Block 1832, Lot 1, Block 1833, Lots 1, 60 and 65, and Block 1834, Lot 55. (West Ward)