



Legislation Text

File #: 22-0584, Version: 1

Dept./ Agency: Economic and Housing Development

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

Type of Service: Grant Agreement

Purpose: To grant financial assistance for the construction of a new twenty-five (25) unit affordable housing residential building that will be offered to veterans and veterans with families who are homeless, indigent and/or at-risk of homelessness (50% or less of area median household income and supportive housing) with a common space/community room for residents, as well as to provide a place for outside social service agencies to conduct outreach and services to the residents at 102-108 3rd Avenue E., Newark, New Jersey 07104

Entity Name: Domus Corporation

Entity Address: 590 North 7th Street, Newark, New Jersey 07107

Grant Amount: \$300,000.00

Funding Source: Community and Economic Development Dedicated Trust Fund

Total Project Cost: \$6,770,000.00

City Contribution: \$300,000.00

Other Funding Source/Amount: \$0.00

Grant Period: Commencing upon full execution of the Grant Agreement and expiring within twenty-four (24) months of the commencement date of construction

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: (if applicable)

(Address/Block/Lot/Ward)

102-108 3rd Avenue E./Block 526/Lot 10/Central Ward

Additional Information:

WHEREAS, the City of Newark through its Homelessness Commission issued a Housing Challenge - Call for Partners on November 16, 2020, to assist in the creation of healthy, permanent and affordable housing options for City of Newark “residents without addresses”, which sought partners to develop transitional, permanent supportive housing and housing first units, to aggressively attack the affordable housing and homelessness crisis; and

WHEREAS, the Housing Challenge - Call for Partners required submissions to be submitted via electronic mail by 4:00pm, December 16, 2020; and

WHEREAS, Domus Corporation, a New Jersey corporation, 590 North 7th Street, Newark, New Jersey (the “**Redeveloper**”) submitted a Proposal on December 15, 2020, in response to the Housing Challenge - Call for Partners, seeking to construct a new 25-unit affordable housing residential building, comprised of one and two bedroom units, that will be offered to veterans and

veterans with families who are homeless, indigent and/or at-risk of homelessness (50% or less of area median household income and supportive housing) with a common space/community room for residents as well as to provide a place for outside social service agencies to conduct outreach and services to the residents (collectively, the “**Project**”) to be built on the real property located at 102-108 3rd Avenue E., Newark, New Jersey, and identified on the official tax map of the City as Block 526, Lot 10, Central Ward (the “**Property**”); and

WHEREAS, in order to stimulate the reinvigoration of the City, the Newark Municipal Council (“Municipal Council”) adopted Resolution 7Rdo(AS) on June 15, 2005, designating the entire City as an area in need of rehabilitation pursuant to the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq. (“LRHL”); and

WHEREAS, the Municipal Council thereafter adopted Ordinance 6S&Fe(S) on August 17, 2005, adopting the First Amendment to the Central Ward Redevelopment Plan, governing the redevelopment of City-owned property located within the Central Ward, which includes the above referenced Property; and

WHEREAS, the Project is located within an area in need of redevelopment as defined under the LRHL; and

WHEREAS, the Project currently has a significant funding gap that must be bridged in order to make the Project financially feasible; and

WHEREAS, N.J.S.A. 40A:12A-8(f) authorizes municipalities to provide grants to redevelopers to provide financial assistance for the performance of redevelopment activities in order to implement redevelopment projects in accordance with redevelopment plans; and

WHEREAS, the Project qualifies for financial assistance since it is located within a redevelopment area and is being performed in accordance with the Central Ward Redevelopment Plan; and

WHEREAS, the Municipal Council recognizes the need to complete the above Project and desires to provide a capital grant in the amount of Three Hundred Thousand Dollars and Zero Cents (\$300,000.00) (“Grant”) to the Redeveloper to be used as a subsidy to develop the Project; and

WHEREAS, the funds for the Grant shall be provided from the City’s Community and Economic Development Dedicated Trust Fund, which was established by the Municipal Council through Resolution 7RG, adopted on November 6, 1985 (the “**Resolution**”) for the purpose of financing the development costs associated with redevelopment projects, urban revitalization projects, economic stabilization and stimulation projects, restoration and preservation of properties of special value for historic, architectural and esthetic reasons, and such other projects within the City which are consistent with the activities eligible for assistance under Title I of the Housing and Community Development Act of 1974, as amended (“**Title I**”); and

WHEREAS, since the Project is consistent with the purposes set forth in the Resolution and the activities eligible for assistance under Title I, the City determined that it is in the best interest of the City to enter into a Grant Agreement and such other documents as may be necessary in order to fund the Grant to the Redeveloper.

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 each hereby authorized to enter into and execute a grant agreement with Domus Corporation, 590 North 7th Street, Newark, New Jersey 07107 (“Redeveloper”), in the form attached hereto (“**Grant Agreement**”), in the amount of Three Hundred Thousand Dollars and Zero Cents (\$300,000.00) from the City’s Community and Economic Development Dedicated Trust Fund (the “**Grant Funds**”), to be used as financing assistance to develop and subsidize the costs of the Project which shall facilitate redevelopment of the City and implementing related activities.
2. The Grant Funds are being provided to Redeveloper based on the Proposal submitted by Redeveloper on December 15, 2020, in response to the Housing Challenge - Call for Partners.
3. 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 the Agreement for the Redevelopment of Land with Redeveloper (“Redevelopment Agreement”), for the Project located at 102-108 3rd Avenue E., Newark, New Jersey (Block 526, Lot 10)(“Property”), to memorialize the terms and conditions of the redevelopment of the Property, consistent with the Proposal, and the award of the Grant Funds.
4. The Deputy Mayor/Director of the Department of Economic and Housing Development is hereby authorized to establish and record a declaration of covenants, conditions and restrictions to ensure that the City shall be repaid the full amount of the Grant Funds disbursed to the Redeveloper upon the occurrence of an event of default under the Grant Agreement by requiring the Redeveloper to execute a separate Mortgage and Security Agreement (“Mortgage”) and Note for the full amount of the Grant Funds, pursuant to the Grant Agreement. Said covenants, conditions and restrictions shall run with the land and bind the Redeveloper 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 during the term of the Grant Agreement and the City shall discharge such Mortgage in connection therewith upon its issuance of a Certificate of Completion for the Project.
5. The term of the Grant Agreement shall commence on the date of full execution and delivery of the Grant Agreement by the Redeveloper and shall expire upon the City’s issuance of a Certificate of Completion for the Project as provided in the Grant Agreement.
6. The Redeveloper shall be responsible for the recordation of the final fully executed Grant Agreement and Mortgage and any amendments thereto in the Essex County Register’s Office.
7. 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 Grant Agreement as permitted by New Jersey Law and may enter into subordination agreements,

access and right of entry agreements and other relevant documents related to these fund allocations in forms subject to the approval of the City's 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 set forth in the Grant Agreement and any contract timelines and milestones contained therein, 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 City's Corporation Counsel.

8. The Redeveloper must adhere to all milestones and timelines in the Project Schedule as further set forth in the Grant Agreement. The Project 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 Redeveloper fail to complete the Project within the specified time frame set forth in the Grant Agreement, then the City, in its sole discretion, in addition to any other remedy available by the Grant Agreement or as allowed by law, may direct the Redeveloper to repay all funding authorized in the Grant Agreement.
9. The Redeveloper must remain in compliance with all 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, as may be amended from time to time. The Redeveloper has agreed to ensure that a minimum of 40% of the workers employed during the construction of the project shall be Newark residents and that 30% of all contractors, subcontractors and suppliers shall be Newark companies.
10. Attached hereto is a Certification from the Director of Finance of the City of Newark which states that (1) there are sufficient funds in the amount of Three Hundred Thousand Dollars and Zero Cents (\$300,000.00) and (2) that the line appropriation of official budgets which shall be charged is as follows:

Department	Dept.	Division/Proj.	Activity	Account	Budget Ref.	Amount
NW026				32100	B2022	\$300,000.00

11. A copy of the fully executed Redevelopment Agreement, Grant Agreement, Note, recorded Mortgage, and Certification of Funds, together with this Resolution must be placed on file in the Office of the City Clerk by the Deputy Mayor/Director of the Department of Economic and Housing Development.

STATEMENT

This Resolution authorizes the Mayor and/or his designee, the Deputy Mayor/Director of the Department of Economic and Housing Development to enter into and execute a Redevelopment Agreement, Grant Agreement, Note and Mortgage and Security Agreement, in the forms attached hereto, in the amount of Three Hundred Thousand Dollars and Zero Cents (\$300,000.00) from the City's Community and Economic Development Dedicated Trust Fund in order to subsidize the costs necessary to complete the Project located at 102-108 3rd Avenue E., Newark, New Jersey (Block 526, Lot 10), pursuant to the Housing Challenge - Call for Partners ("Making Housing Homes").