



City of Newark

City Hall
920 Broad Street
Newark, New Jersey 07102

Legislation Text

File #: 22-1055, Version: 1

Dept./ Agency: Economic and Housing Development

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

Type of Service: Private Sale/Redevelopment/Subordination Agreement

Purpose: An Agreement to subordinate the City's Reverter Rights by entering into a Second Amendment to the Agreement for Sale and Redevelopment of Land and a Subordination Agreement in order to permit financing necessary for the redevelopment of rental or for-sale owner-occupied housing.

Entity Name: Lawrence Merrill

Entity Address: Newark, New Jersey 07106

Sale Amount: \$0.00

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

Assessed Amount: \$0.00

Appraised Amount: \$0.00

Contract Period: Not Applicable

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

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

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

List of Property:

(Address/Block/Lot/Ward)

177 Renner Avenue/Block 3668/Lot 7/South Ward

Additional Information:

Resolution 7R2-b adopted on August 19, 2020, authorized the Private Sale/Redevelopment Agreement.

WHEREAS, pursuant to Resolution 7R2-b adopted on August 19, 2020, the Mayor of the City of Newark and the Deputy Mayor/Director of the Department of Economic and Housing Development were authorized to enter into and execute an Agreement for the Sale and Redevelopment of Land (the "Agreement") with Lawrence Merrill for the sale of land owned by the City of Newark located at 177 Renner Avenue, Newark, New Jersey 07112 (the "Property") and identified on the Official Tax Map of the City of Newark, as Block 3668, Lot 7, for a purchase price of Thirty-Nine Thousand Dollars and Zero Cents (\$39,000.00) for the rehabilitation of the property to create affordable rental or for-sale housing; and

WHEREAS, such sale was authorized pursuant to N.J.S.A. 40A:12-13, which requires that such conveyance be subject to the condition that title to the Property revert back to the City in the event of a Default as defined in the Redevelopment Agreement (the "Reverter Right"); and

WHEREAS, Lawrence Merrill has secured financing from Movement Mortgage Co., in the approximate principal amount of \$305,000.00 (the "Loan"), to develop the Project, which Loan will be evidenced by a Promissory Note in the principal amount, and will be secured by a mortgage on the Properties; and

WHEREAS, as a condition of the above Loan, the Lender has requested that the City subordinate the Reverter Rights to the Mortgage; and

WHEREAS, pursuant to N.J.S.A. 40:60-51.2, “Any municipality is authorized and empowered, by resolution of the Governing Body thereof, to waive, release, modify or subordinate any terms, covenants, conditions, limitations or reverters imposed in sales and conveyances of lands as to the erection, alteration or demolition of buildings or any other use to be made of land heretofore imposed by said municipality to accomplish the purposes for which such lands were sold and conveyed either at public or private sale including those set forth pursuant to Section 21 of P.L.1971, c. 199 (C.40A:12-21), but only after public hearing held before such Governing Body, of the holding of which notice describing the lands in question, and the terms, covenants, conditions, limitations or reverters to be waived, released, modified or subordinated, and, if to be modified or subordinated, describing the manner in which the same shall be modified or subordinated, shall first have been given by advertisement published once each week for two weeks in a newspaper published in said municipality or, if no newspaper be published therein, then in a newspaper circulating in such municipality, provided, however, that the power herein granted shall not be exercised to impair any vested or contractual rights of third parties”; and

WHEREAS, the Mayor of the City of Newark and/or his designee, the Deputy Mayor/Director of the Department of Economic and Housing Development determined that the Project is in the best interest of the City and recommend subordinating the Lender’s mortgage and making a modification to the Right of Reverter contained in the Redevelopment Agreement and the deed, so as to accomplish the Project.

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

1. The Mayor of the City of Newark and/or his designee, the Deputy Mayor/Director of the Department of Economic and Housing Development is hereby authorized to enter into and execute a Subordination Agreement with the Lender, in the form attached hereto or such other forms reasonably acceptable to the parties, related to the property located at 177 Renner Avenue, Newark, New Jersey 07112, as shown on the Official Tax Map of the City of Newark, as Block 3668, Lot 7, which is located in the South Ward, to permit the rehabilitation of the property as rental or for-sale owner-occupied housing.
2. Notice in accordance with N.J.S.A. 40:60-51.2 of the subordination of the Lender’s mortgage and the City’s reverter rights to the Property has been duly given by publication as required by law and holding a public hearing on said Resolution at a Meeting of the Municipal Council on Tuesday, September 27, 2022, in the Council Chamber located at City Hall, 920 Broad Street, Newark, New Jersey 07102.
3. The Deputy Mayor/Director of the Department of Economic and Housing Development shall place a filed copy of the fully executed Subordination Agreement with the Office of City Clerk.

STATEMENT

This Resolution authorizes the Mayor of the City of Newark and/or designee, the Deputy Mayor/Director of the Department of Economic and Housing Development to subordinate the City's Reverter Rights through the execution of a Subordination Agreement and Second Amendment to Agreement for Sale and Redevelopment of Land, in accordance with N.J.S.A. 40:60-51.2, to enable the Redeveloper to obtain financing necessary for the rehabilitation of the property as rental or for-sale owner-occupied housing located at 177 Renner Avenue, Newark, New Jersey 07112, as shown on the Official Tax Map of the City of Newark, as Block 3668, Lot 7 located in the South Ward.