



City of Newark

City Hall
920 Broad Street
Newark, New Jersey 07102

Legislation Text

File #: 22-1678, Version: 1

Dept./Agency: Economic and Housing Development

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

Type of Service: Grant Agreement

Purpose: To provide for a Grant Agreement with Jarid Jamar Construction Company, Inc.

Entity Name: Jarid Jamar Construction Company, Inc.

Entity Address: West Orange, New Jersey 07052

Additional Grant Amount: \$110,000.00

Funding Source: Community and Economic Development Dedicated Trust Fund

Total Project Cost: \$685,000.00

City Contribution: \$110,000.00

Other Funding Source/Amount: RNMZ, LLC and Renovo Financial

Grant Period: Upon construction commencing and completed within twenty-four (24) months

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)

286-288 South 11th Street/Block 1796/Lot 66/West Ward

Additional Information:

WHEREAS, the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq., as amended and supplemented (the "Act"), authorizes municipalities to participate in the redevelopment and improvement of areas that are in need of redevelopment or rehabilitation; and

WHEREAS, in order to stimulate the reinvigoration of the City, of Newark (the "City") by Resolution 7Rdo(AS) adopted on June 15, 2005, the entire City was designated as an area in need of rehabilitation pursuant to the Act; and

WHEREAS, by Ordinance 6S+Fc(S), adopted on August 17, 2005, the Municipal Council adopted an Amendment to the West Ward Redevelopment Plan (together with all amendments, the "Redevelopment Plan"), which provides for the redevelopment of certain City-owned parcels within the West Ward of the City; and

WHEREAS, the Entity desires to develop the real property located at 286-288 South 11th Street (Block 1796, Lot 66) (West Ward) (the "Property"), and construct one (1) two-family house (the "Home") for a total of two (2) residential housing units (each a "Housing Unit," and collectively, the "Housing Units") to be built as part of the Redevelopment Plan (the "Project"); and

WHEREAS, the Redeveloper intends to complete and sell the Home to a third-party purchaser (the "Purchaser") after the Project is completed and a Certificate of Occupancy has been issued by the City; and

WHEREAS, the Redeveloper agrees that one (1) of the Housing Units constructed for the Project shall be occupied by the Purchaser as his or her principal residence and one (1) of the Housing Units shall be affordable and occupied by a low-income family as a principal residence and designated as a deed-restricted affordable rental Housing Unit (the “Restricted Housing Unit”) offered for rent by the Purchaser to qualified households earning 80% or less of Area Median Income as determined by the U.S. Department of Housing and Urban Development; and

WHEREAS, to ensure that the Restricted Housing Unit shall remain affordable and the principal residence of the low-income tenant, the Property shall be subject to continuing affordability and other restrictions for a twenty (20) year period, pursuant to a Deed-Restrictive Beneficiary Agreement and Acknowledgment of Affordability Requirements with the City (the “Beneficiary Agreement”); and

WHEREAS, this Beneficiary Agreement is a Deed Restrictive covenant that shall be recorded with the Deed in the Essex County’s Register of Deeds and Mortgages to run with the land; and

WHEREAS, the Project currently has a One Hundred Ten Thousand Dollar and Zero Cents (\$110,000.00) funding gap that must be bridged in order to make the Project financially feasible; and

WHEREAS, N.J.S.A. 40A:12A-8(f) of the LRHL 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 order to implement the Redevelopment Plan; and

WHEREAS, the Municipal Council recognizes the need to complete the above Project and desires to finance the making of an additional capital grant in the amount of One Hundred Ten Thousand Dollars and Zero Cents (\$110,000.00) to the Redeveloper to be used to implement the Project and sell the Home; and

WHEREAS, pursuant to Resolution 7RG, adopted by the Municipal Council on November 6, 1985 (the “Resolution”), the City authorized the establishment of a trust fund known as the “Community and Economic Development Dedicated Trust Fund” (the “Fund”) for the purpose of financing the development costs associated with redevelopment projects, urban revitalization projects, low-income housing projects, economic stabilization and stimulation projects 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, the Project is consistent with the activities set forth in Resolution and the activities eligible for assistance under Title I and the City further wishes to fund an additional capital grant to the Redeveloper in an amount not to exceed One Hundred Ten Thousand Dollars and Zero Cents (\$110,000.00) (the “Grant”) from the amounts deposited in the Fund in accordance with the Resolution; and

WHEREAS, the Department of Economic and Housing Development desires to enter into and execute a Grant Agreement, in the form attached hereto, with the Redeveloper, which shall, among other things, in the aggregate grant amount of One Hundred Ten Thousand Dollars and Zero Cents (\$110,000.00) for purposes of bridging the gap in financing to complete the construction of the Project.

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

1. The Municipal Council hereby authorizes the use of up to One Hundred Ten Thousand Dollars and Zero Cents (\$110,000.00) of funds from the City's Community and Economic Development Dedicated Trust Fund for the purpose of funding a grant to Jarid Jamar Construction Company, Inc., of West Orange, New Jersey 07052, 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 and bridge the financial gap in construction costs related to the Project.
2. The Mayor of the City of Newark 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 the Entity, in the form attached hereto, in the amount not to exceed One Hundred Ten Thousand Dollars and Zero Cents (\$110,000.00) from the City of Newark's Community and Economic Development Dedicated Trust Fund, 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 and bridge the financial gap in construction costs related to the Project.
3. The Mayor of the City of Newark 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 Beneficiary Agreement with the Purchaser, in the form attached hereto, which shall ensure that the Restricted Housing Unit remains the principal residence of the Purchaser's eligible low-income tenant and affordable during the twenty (20) year period of affordability and otherwise in compliance with the terms of therein.
4. The Beneficiary Agreement is a Deed Restrictive covenant that shall be recorded with the Deed in the Essex County's Register of Deeds and Mortgages to run with the land.
5. The Deputy Mayor/Director of the Department of Economic and Housing Development is hereby authorized to establish and record the Beneficiary Agreement, which is 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 Entity upon the occurrence of an event of default under the Beneficiary Agreement by the Purchaser by requiring the Purchaser to execute a separate Mortgage and Security Agreement which shall be recorded and Mortgage Note for the full amount of financial assistance provided to the Entity and the Purchaser in the Grant Agreement and the Beneficiary Agreement. Said covenants, conditions and restrictions shall run with the land and bind the Purchaser 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 Beneficiary Agreement and the City shall discharge such Mortgage and lien in connection therewith at the end of the period of affordability upon the determination of the City that the Purchaser has complied with all terms and conditions of the Beneficiary Agreement.
6. The term of the Grant Agreement shall commence on the date of execution and delivery of the Grant Agreement by the Entity and the City and expire upon issuance of a Certificate of

Occupancy for the Home and the sale and transfer of the Property and Home to the Purchaser and the funding of the Grant Funds as provided herein.

7. The term of the Beneficiary Agreement shall commence on the date of execution and delivery of the Beneficiary Agreement by the Purchaser and the City and shall expire at the end of the twenty (20) year period of affordability upon the determination of the City that the Purchaser has complied with all terms and conditions of the Beneficiary Agreement.
8. The Entity shall be responsible for the recordation of the final fully executed Beneficiary Agreement and the related Mortgage and any amendments thereto in the Office of the Essex County Register of Deeds and Mortgages.
9. 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 and Beneficiary 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 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 (2) six (6) month extensions of the term set forth in the Grant Agreement or Beneficiary Agreement and any contract timelines and milestones contained therein, provided that any contract timelines and milestones are not extended beyond the two (2) permitted six (6) month extensions, subject to full written disclosure (in the form of a signed memorandum to be submitted prior to adoption) to the Municipal Council by the Deputy Mayor/Director of the Department of Economic and Housing Development and the approval of the Corporation Counsel.
10. The Entity 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 Entity 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 Entity to repay all funding authorized in the Grant Agreement.
11. The Entity 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 adopted on April 5, 1995) and its Affirmative Action Plan (7Rbp, adopted on 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 Entity has agreed to ensure that a minimum of forty (40%) of the workers employed during the construction of the project shall be Newark residents and that thirty (30%) of all contractors, subcontractors and suppliers shall be Newark companies.
12. Attached hereto is a Certification from the Municipal Comptroller, which states that: (1) there are sufficient funds in the amount of One Hundred and Ten Thousand Dollars and Zero Cents (\$110,000.00); and (2) that the line appropriation of official budgets which shall be charged is as follows:

Department	Division/Proj.	Activity	Account	Budget Ref.	Amount
NW026			32100	B2022	\$110,000.00

13. A copy of the fully executed Grant Agreement, Beneficiary Agreement, the Mortgage Note and the recorded Mortgage 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 and directs the Mayor of the City of Newark and/or his designee, the Deputy Mayor/Director of the Department of Economic and Housing Development to enter into and execute and deliver a Grant Agreement with Jarid Jamar Construction Company, Inc., in the aggregate grant amount of \$110,000.00 to bridge the gap in financing required to complete construction of the Project.