Legislation Text

File #: 25-1029, **Version:** 1

Dept./ Agency: Economic and Housing Development
Action: ( ) Ratifying (X) Authorizing (X) Amending
Type of Service: Subordination Agreement
Purpose: An Agreement to Subordinate the City of Newark's Reverter Rights by entering into a Subordination Agreement in order to permit the Redeveloper to obtain the financing necessary for the redevelopment of the property as rental or for-sale owner-occupied housing
Entity Name: 40 Mt Pleasant Ave JJC, LLC
Entity Address: 40 Mount Pleasant Avenue, Newark, NJ 07104
Sale Amount: $126,500.00
Cost Basis: ( ) $ PSF ( ) Negotiated (X) N/A ( ) Other:
Assessed Amount: N/A
Appraised Amount: N/A
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)
40 Mt. Pleasant Avenue/Block 571/Lot 41/North Ward
Additional Information:
Resolution 7R2-e (as) adopted on September 16, 2020, authorized the Sale of Land through the City's Land Auction Sale.

WHEREAS, pursuant to Resolution 7R2e (as) adopted on September 16, 2020, the Mayor and/or his designee and the Deputy Mayor/Director of the Department of Economic and Housing Development were authorized to execute a Quitclaim Deed to effectuate the sale of land owned by the City of Newark ("City") located at 40 Mount Pleasant Avenue, Newark, New Jersey and identified on the official tax map of the City as Block 571, Lot 41 ("Property"), to 40 Mt. Pleasant Ave JJC, LLC, for a purchase price of One Hundred Twenty-Six Thousand Five Hundred Dollars and Zero Cents ($126,500.00) for the redevelopment of the Property as rental or for sale as owner occupied ("Project"); and

WHEREAS, the sale of the Property was conducted through auction, authorized by Resolution 7R2-h(s) adopted on August 11, 2020, pursuant to N.J.S.A. 40A:12-13(a) which provides that a municipality may sell any real property with or without capital improvements, not needed for public use, by open public sale at auction to the highest bidder after advertisement thereof in a newspaper circulated in the municipality in which the lands are situated, by two (2) insertions at least once a week during two (2) consecutive weeks, the last publication to be not earlier than seven (7) days prior to such sale; 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 Standard Conditions of Sale (the "Reverter Right"); and

WHEREAS, 40 Mt Pleasant Ave JJC, LLC has represented that it has secured financing from Unitas Funding LLC ("Lender") in the approximate principal amount of $510,000.00 (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 Property; and

WHEREAS, as a condition of the above Loan, the Lender has requested that the City subordinate the Reverter Right 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 Department of Economic and Housing Development caused a notice to be advertised including the requirements established in N.J.S.A.40:60-51.2, on July 21, 2025 and July 28, 2025, which complies with the notice requirement of once each week for two weeks; and

WHEREAS, 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 City's Reverter Right contained in the Standard Conditions of Sale and/or Quitclaim 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 and/or his designee, and the Deputy Mayor/Director of the Department of Economic and Housing Development are hereby authorized to enter into a Subordination Agreement with and in favor of Unitas Funding LLC ("Lender"), in the form attached hereto or such other forms reasonably acceptable to the parties, related to the property located at 40 Mount Pleasant Avenue, Newark, New Jersey, as shown on the official tax map of the City as Block 571, Lot 41 (the "Property"), which is located in the North Ward, to permit the redevelopment of the Property as rental or for sale as owner occupied, which was authorized pursuant to Resolution 7R2-E(as).

powered by Legistar™

2. All other terms and conditions of the Standard Conditions of Sale, authorized by and pursuant to Resolution 7R2-e(as) adopted on September 16, 2020, shall remain in full force and effect.

3. Notice in accordance with N.J.S.A. 40:60-51.2 of the subordination of the City's reverter rights to the Mortgage has been duly given by publication as required by law on July 21, 2025 and July 28, 2025 and holding a public hearing on said resolution at a Meeting of the Municipal Council on August 6, 2025 in the Council Chamber located at City Hall, 920 Mayor Kenneth A. Gibson Boulevard, Newark, New Jersey.

4. 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, 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 40 Mount Pleasant Avenue**,** Newark, New Jersey, as shown on the official tax map of the City as Block 571, Lot 41 located in the North Ward.

powered by Legistar™