



Legislation Text

File #: 26-0406, Version: 1

AN ORDINANCE THAT RATIFIES AND AUTHORIZES THE SECOND AMENDMENT TO ORIGINAL TAX ABATEMENT GRANTED TO SPRUCE PARK ASSOCIATES UNDER THE LIMITED DIVIDEND LAW EXTENDING THE TERM OF THE FINANCIAL AGREEMENT UNTIL MARCH 31, 2036 TO RUN CONCURRENTLY WITH THE EXTENDED HOUSING ASSISTANCE PAYMENTS CONTRACT FOR AN AFFORDABLE HOUSING PROJECT LOCATED AT 36-60 SPRUCE STREET, 37 SPRUCE STREET, 39-47 SPRUCE STREET, 59-61 SPRUCE STREET, 55-57 SPRUCE STREET, AND DESIGNATED ON THE OFFICIAL TAX MAP OF THE CITY OF NEWARK AS BLOCK 122 LOT 64, BLOCK 123, LOT 29, BLOCK 123, LOT 23, BLOCK 123, LOT 16, AND BLOCK 123 LOT 17 (FORMERLY KNOWN AS 39-41, 43, 45-47, 55-57, 59-61, 36, 38, 40, 42, 44, 46, 48-50, 52, 54, 56, 58, AND 60 SPRUCE STREET, AND 27-29 LONGWORTH STREET, BLOCK 123, LOTS 16, 17, 18, 23, 25 AND 27 AND BLOCK 122, LOTS 50, 51, 52, 53, 54, 55, 56, 58, 59, 60, 62, 64, 17 AND 18).

WHEREAS, on February 2, 1983, the Municipal Council of the City of Newark (the "Municipal Council") adopted Resolution 7RCD (A.S.), granting a long-term tax abatement to Spruce Park Associates pursuant to the Limited Dividend Non-Profit Housing Corporations or Associations Law, N.J.S.A. 55:16-1 et seq., (the "Financial Agreement") for the construction of a ninety-eight (98) unit affordable housing project located at 39-61 Spruce Street, 36-60 Spruce Street, and 27-29 Longworth Street, and designated as Block 123, Lots 16, 17, 18, 23, 25 and 27; Block 122, Lots 50, 51, 52, 53, 54, 55, 56, 58, 59, 60, 62, 64, 17 and 18 on the official tax map of the City of Newark (collectively, the "Property"); and

WHEREAS, a multi-family residential complex containing ninety-eight (98) affordable units was constructed on the Property (the "Project"); and

WHEREAS, the Project has been continuously operated as a 100% affordable housing project and supported by project-based Section 8 housing assistance payments authorized pursuant to Section 8 of the United States Housing Act of 1937; and

WHEREAS, as set forth in Sections 4 and 9 of the Financial Agreement, the Project shall be exempt from taxation for a period equal to the lesser of: (i) fifty (50) years from the completion of the Project, or (ii) the term of the first mortgage to be placed upon the Property in connection with the construction or completion of the Project; and

WHEREAS, on April 1, 2006, Spruce Park Associates and HUD entered into a Housing Assistance Payment Renewal Contract for a period of twenty (20) years (the "HAP Contract"), which extended the project-based Section 8 housing assistance payments for tenants residing in the Property until March 31, 2026 (a true and accurate copy of the HAP Contract is enclosed herewith as Exhibit A); and

WHEREAS, pursuant to Sections 4 and 9 of the Financial Agreement, the term of the Financial Agreement was set to expire on May 30, 2025, prior to the end of the term of the HAP Contract; and

WHEREAS, by Ordinance 6PSF-g, adopted June 4, 2025, the Municipal Council authorized a First Amendment to the Financial Agreement (“First Amendment”), which extended the term of the Financial Agreement to run concurrently with the term of the HAP Contract pursuant to N.J.S.A. 40A:20-13.2.1(a), and is attached hereto at Exhibit B; and

WHEREAS, N.J.S.A. 40A:20-13.2.1(a) states “the governing body of a municipality may agree to continue a tax exemption for a State or federally subsidized housing project beyond the date on which existing first mortgage financing is fully paid so long as the project remains subject to affordability controls pursuant to project-based federal rental assistance, authorized pursuant to section 8 of the United States Housing Act of 1937”; and

WHEREAS, since the execution of the First Amendment, the Entity has entered into a Use Agreement with HUD, which imposes continuing affordability restrictions on the Project and is attached hereto at Exhibit C; and

WHEREAS, the Entity has also obtained approval for an additional Housing Assistance Payments contract administered through HUD, extending project-based rental assistance for an additional ten (10) year period commencing on April 1, 2026 and expiring on March 31, 2036 (the “Extended HAP Contract”), a form of copy of which is attached hereto at Exhibit D; and

WHEREAS, pursuant to N.J.S.A. 40A:20-13.2.1(a), the City may continue a tax exemption for a State or federally subsidized housing project beyond the expiration of the original mortgage term, provided that the Project remains subject to affordability controls through a project-based federal rental assistance program; and

WHEREAS, the Project will remain subject to such affordability controls through (i) the HUD Use Agreement and (ii) the Extended HAP Contract; and

WHEREAS, the Parties desire to amend the Financial Agreement further to extend the tax exemption so that it runs concurrently with the Extended HAP Contract, which expires on March 31, 2036; and

WHEREAS, since the Project and the overall operation of the ninety-eight (98) unit multi-family 100% affordable building is subject to the HAP Contract, a federally subsidized project-based Section 8 housing assistance payment program, the City of Newark has the ability to authorize an extension of the tax exemption for the Property pursuant to N.J.S.A. 40A:20-13.2.1(a).

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

1. The application of Spruce Park Associates (“Entity”) to extend the term of the financial agreement until March 31, 2036, consistent with the expiration of the Extended HAP Contract is hereby approved and, consequently, the tax abatement for the Project shall be extended to March 31, 2036, and shall not be extended absent further action by the

Municipal Council.

2. The Mayor of the City of Newark and/or his designee, the Director of the Department of Economic and Housing and Development, are hereby authorized to execute, on the City's behalf, the Second Amendment to Financial Agreement in the form attached hereto.
3. The effectiveness of this Ordinance and the Second Amendment to the Financial Agreement is expressly conditioned upon the full execution of the Extended HAP Contract. Failure to obtain such execution within ninety (90) days of adoption of this Ordinance, which period may be extended by the Director of the Department of Economic and Housing Development, in his or her discretion, for up to four (4) additional one (1) month periods, failing which this Ordinance shall be null and void.
4. The Deputy Mayor/Director of the Department of Economic and Housing Development is authorized to enter into four (4) one-month extensions.
5. An executed copy of the Second Amendment to Financial Agreement authorized by this Ordinance shall be filed and maintained with the City Clerk.
6. 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.
7. The adoption of this Ordinance is expressly conditioned upon the requirement that Spruce Park Associates pay the City all outstanding taxes and service charges, and water/sewer charges within thirty (30) days, which shall be a condition precedent to the effectiveness of this Ordinance, of the date of the adoption of this ordinance. If Spruce Park Associates fails to timely satisfy these requirements, this ordinance and the approval granted herein shall be null and void.
8. The continuation of the tax abatement authorized herein is expressly conditioned upon the Project remaining subject to the HUD Use Agreement and the Extended HAP Contract. In the event that either the HUD Use Agreement or the Extended HAP Contract is terminated or expires prior to March 31, 2036, the City reserves all rights under applicable law, including the right to terminate or modify the tax abatement.
9. Nothing herein shall be deemed to obligate the City to grant any further extension of the tax abatement beyond March 31, 2036.
10. The adoption of this Ordinance is expressly conditioned upon the requirement that Spruce Park Associates register with the City's Office of Affordability and Sustainable Housing and comply with all their rules and regulations pertaining to the affordable housing units in the Project.
11. This Second Amendment to Financial Agreement is ratified from March 24, 2026, until the date of final passage and publication of this authorizing Ordinance.
12. This Ordinance shall take effect upon final passage and publication in accordance with

the laws of the State of New Jersey.

STATEMENT

This Ordinance ratifies and grants the application of Spruce Park Associates, a limited partnership of the State of New Jersey, having an address at 100 Wells Avenue, Newton, Massachusetts 02459, to enter into a Second Amended Financial Agreement extending the term of the financial agreement until March 31, 2036 to run concurrently with the Extended Housing Assistance Payments Contract for an affordable housing project located at 36-60 Spruce Street, 37 Spruce Street, 39-47 Spruce Street, 59-61 Spruce Street, 55-57 Spruce Street, and designated on the official tax map of the City of Newark as Block 122 Lot 64, Block 123, Lot 29, Block 123, Lot 23, Block 123, Lot 16, and Block 123 Lot 17 (Formerly known as 39-41, 43, 45-47, 55-57, 59-61, 36, 38, 40, 42, 44, 46, 48-50, 52, 54, 56, 58, and 60 Spruce Street, and 27-29 Longworth Street, Block 123, Lots 16, 17, 18, 23, 25 and 27 and Block 122, Lots 50, 51, 52, 53, 54, 55, 56, 58, 59, 60, 62, 64, 17 and 18).