

NBHA RESOLUTION 2024 – 3/19 #18

RESOLUTION APPROVING OPTION TO ENTER INTO GROUND LEASE WITH HOFFMAN HOUSING URBAN RENEWAL ASSOCIATES, LLC FOR THE HOFFMAN PAVILION SITE LOCATED AT 75 NEILSON STREET

WHEREAS, the Housing Authority of the City of New Brunswick (hereinafter “Housing Authority”), a public entity organized and existing pursuant to the Code of Federal Regulations, the Department of Housing and Urban Development (“HUD”), and the laws of the State of New Jersey, wishes to redevelop its Hoffman Pavilion property located at 75 Neilson Street in the City of New Brunswick; and

WHEREAS, in July of 2009, the Housing Authority entered into a Master Development Agreement with Penrose Properties, LLC (“Penrose” or “Developer”) for the revitalization and replacement of public housing at Providence Square II and Hoffman Pavilion; and

WHEREAS, as part of this agreement, the Developer anticipated the construction of approximately 70 affordable rental units at the Hoffman Pavilion site, including a number of PHA-assisted units; and

WHEREAS, in turn, the Housing Authority agreed to provide the Developer with a deferred loan of \$1,000,000 of HUD replacement housing factor (“RHF”) funds; and

WHEREAS, following the provision of said funds, and despite numerous attempts, the project was unable to secure the required financing in the form of low-income housing tax credits to commence construction and has laid dormant for several years; and

WHEREAS, with the availability of new funding, Hoffman Housing Urban Renewal Associates, LLC (“Hoffman Housing”), an affiliate of Penrose, is seeking to commence development of the project; and

WHEREAS, the revived incarnation of the project shall include approximately 66 affordable housing rental units, including a number of project-based voucher units and PHA-assisted units; and

WHEREAS, to obtain the required funding to commence the project, Hoffman Housing is required to show the Housing Authority’s commitment to providing a ground lease for the proposed site, located on a portion of Lot 1.03 in Block 106.02 more commonly known as 75 Nielson Street; and

WHEREAS, the Housing Authority’s prior commitment to such expired as of December 31, 2023; and

WHEREAS, Hoffman Housing is now seeking a new commitment from the Housing Authority for the parties to enter into a ground lease no later than December 15, 2024; and

WHEREAS, any such agreement shall be contingent upon 1) the parties' entry into a revised Master Development Agreement; 2) the project's full approval by all relevant parties including the U.S. Department of Housing and Urban Development ("HUD"), the NJ Housing and Mortgage Finance Agency (if applicable), as well as any other anticipated funding sources; 3) the project's compliance with all relevant state and federal regulations; and 4) HUD's specific approval of the project's final composition of PHA-assisted units, in accordance with the Housing Authority's prior issuance and the project's use of RHF funds; and

WHEREAS, upon review, including the advice of general counsel, the Board of Commissioners has found that it is in the best interest of the Housing Authority and its overall goal of providing quality, affordable housing to low-income individuals to approve an option to enter into a ground lease with Hoffman Housing Urban Renewal Associates, LLC for the Hoffman Pavilion site, subject to the above mentioned conditions being met prior to December 15, 2024;

NOW THEREFORE,

BE IT RESOLVED, that the Board of Commissioners of the Housing Authority of the City of New Brunswick hereby approves and authorizes the Housing Authority to approve and authorize the Housing Authority to enter into an option to lease agreement with Hoffman Housing Urban Renewal Associates, LLC, effective through December 15, 2024, conditioned on the above-mentioned requirements; and

BE IT FURTHER RESOLVED, that the Executive Director of the Housing Authority of the City of New Brunswick is hereby authorized to take any administrative actions necessary to effectuate the terms of this Resolution, including, but not limited to, the execution of said option agreement.

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WHEREAS, upon review, including the advice of general counsel, the Board of Commissioners has found that it is in the best interest of the Housing Authority and its overall goal of providing quality, affordable housing to low-income individuals to approve an option to enter into a ground lease with Hoffman Housing Urban Renewal Associates, LLC for the Hoffman Pavilion site, subject to the above mentioned conditions being met prior to December 15, 2024;

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