NJRA
New Jersey
Redevelopment Authority
We're There First

AFFORDABLE HOUSING SUPPORT INITIATIVE PROGRAM (AHSIP) LOAN APPLICATION

1. APPLICANT INFORMATION:

DATE: 4/2023

NAME OF APPLICANT: Invest Newark

NAME OF AUTHORIZED OFFICIAL: Roy Southerland

TITLE: Chief Investment Officer

TELEPHONE # 973-273-1040

E-MAIL: rsoutherland@investnewark.org

MAILING ADDRESS: 111 Mulberry Street, Lower Level

CITY, STATE, ZIP CODE Newark, NJ 07102

MUNICIPALITY/COUNTY Newark, Essex

2. PROJECT INFORMATION:

PROJECT NAME: Section 8 Homeownership Conversion Program Project

CURRENT PROPERTY OWNER: Newark Land Bank/Invest Newark (If the applicant currently owns the site, a deed will be requested)

PROJECT LOCATION: 25 sites in throughout Newark, NJ (list will be attached)

BLOCK AND LOT(S): Please see the attached list

Describe the proposed location: What is the current use of the project (if operating) in comparison to the proposed use?

x RESIDENTIAL (ACQUISITION)
☐ RESIDENTIAL (REDEVELOPMENT)

Present Use: *Please see the attached proposal*

Proposed Use: *Please see the attached proposal*

Proposed number of housing units: *25*

Proposed use and size of project: Please see the attached proposal

How is the property currently zoned? *Residential*

Has the municipality provided any approvals for the proposed location? *Yes*

Will a tax abatement or Payment in Lieu of Taxes ("PILOT") be provided from the local municipality? *Yes*

Have foreclosure proceedings taken place? (If applicable) *N/A*

*****Environmental concerns**: A Phase I report will be required, unless otherwise stated from the respective municipality, or a licensed site remedial professional recognized by the NJRA:* ***A Phase 1 report has been conducted on all sites.***

*****Appraisal/market study:** An appraisal, or market study completed within the last 12 months may be required to determine the value of the proposed location:*
An appraisal has been completed for each site.

3. FINANCING INFORMATION:

DOLLAR AMOUNT REQUESTED: $ **5,000,000**

USE OF FUNDS:

☐ ACQUISITION
☐ PREDEVELOPMENT
x REHABILITATION
☐ OTHER Please Explain

Please supply a sources/ uses of funds for the proposed financing being requested from NJRA

Please see the attached proposal

Funding Sources	**Amount**
Total Sources	
Uses	
Total Uses	

DESCRIBE SPECIFIC ACTIVITIES TO BE FUNDED: **Please see the attached Proposal.**
REQUESTED TERMS OF FINANCING:

☐ 12 MONTHS
☐ 24 MONTHS
☐ 36 MONTHS
x 48 MONTHS
☐ OTHER

ANTICIPATED PROJECT START DATE:

4. DEVELOPMENT TEAM NAME AND CONTACT INFORMATION:

ARCHITECT: ______________________ TELEPHONE # ______________

BUILDER: Invest Newark, Roger Johnson, SVP of Real Estate TELEPHONE # 973-273-1040

PROPERTY MANAGER: Invest Newark, Roger Johnson, SVP of Real Estate TELEPHONE # 973-273-1040

ATTORNEY: Jeet Gulati, Invest Newark General Counsel TELEPHONE # 973-273-1040

5. **Developer disclosure**:

Are there any unspecified judgments filed against the applicant/developer, principal(s), or any related parties?

☐ Yes
X No

Has the applicant/developer, principal(s) or any related party been part to any litigation, including real estate foreclosure or bankruptcy within the past 7 years?

☐ Yes
X No

If "yes" has been answered in any of the above two questions, please attach a separate explanation for each litigation

6. **Checklist**: A checklist of required documents are attached to this application. Failure to provide the requested documents may delay/impact final board approval. A member of the NJRA will review the checklist with all applicants should there be any questions or concerns of which documents are applicable.

7. **Certification** The undersigned applicant(s) does hereby warrant that the information contained in this application, and any of the attachments submitted in conjunction, is complete and correct. Furthermore, the applicant(s) authorize the NJRA to obtain credit reports on the applicant entity for final credit approval, if applicable. The NJRA and its affiliates reserve all rights to announce the approval, commitment or closing of any loan. The undersigned hereby certifies that, to the best of his/her knowledge, as of the date of this loan application, neither the undersigned nor any of its offices, directors, trustees or affiliates (collectively, the "Undersigned"), has ever been charged with, indicted or convicted of, or pled guilty to, a felony of any kind, a crime involving fraud or any misdemeanor involving moral turpitude. The undersigned hereby authorizes the NJRA to perform background checks on the Undersigned, as NJRA may determine in its sole discretion. Application will not be processed without authorized signature(s). Execution of this application does not warrant a commitment.

8. **Application Fee: $500 nonrefundable application fee.**

Signature of Authorized Owner/Consultant: ______________________ Date: ______________

Printed name: Roy Southerland

Title: Chief Investment Officer

Organization: Invest Newark

NJRA

New Jersey Redevelopment Authority

Application Checklist

Borrower Information

- ☐ Two years of audited financial statements AND most recent month's year-to-date profit & loss statement and balance sheet for all organizations serving as a guarantor or member of the ownership entity
- ☐ Organization chart detailing the project's ownership structure, including all members of the general partner, if applicable
- ☐ Schedule of real estate owned and all guarantees outstanding for all organizations that are members of the project ownership, if applicable.
- ☐ Bios for key development team members

**If project includes a nonprofit in the ownership:

- ☐ Nonprofit Board of Directors list, including addresses, occupations, committee membership, and start date of term, if applicable.
- ☐ IRS 501(c)(3) acknowledgement letter, if applicable.

Project Information

- ☐ Budget indicating expected uses for predevelopment funds requested
- ☐ Project narrative: Concise description of the development, including target demographic, amenities, services, and accessible design and/or sustainable features (narrative should not exceed two pages)
- ☐ Project pro forma: Please submit your most recent pro forma. Pro forma should detail project income (including square feet, utility allowance, tenant income restrictions and applicable maximum rent limits, when applicable), funding sources, development budget, operating expenses, and cash flow through the loan term
- ☐ Copies of all mortgages currently recorded on the property and associated notes and recapture agreement , if applicable.
- ☐ Evidence of site control: A signed and accepted copy of an option, an unexpired contract for purchase, or a copy of the deed if title has already been transferred. Terms of the sale (e.g., price, seller financing) should be specified, if applicable.
- ☐ Environmental reports: Phase I, Phase II, if applicable
- ☐ Conceptual drawings: Site plan, floor plans, and elevations, if available
- ☐ Approvals from the local municipality, inclusive of public hearings, tax abatements, zoning approvals, permits, letters of support etc., if applicable.
- ☐ Completed electronic version of a deck that provides details and images of the proposed project
- ☐ Executed commitment letter from the proposed construction lender to satisfy the debt provide by the NJRA, if applicable.

The NJRA is an Equal Opportunity Provider

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- ☐ Conceptual drawings: Site plan, floor plans, and elevations, if available
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BLOCK	LOT	ADDRESS	PROP_TYPE	LOT SIZE	WARD	USE
294	7	397 15TH AVENUE	Vacant Lot	30.4X99.11	Central	Vacant Lot
351	61	615 S 18TH STREET	Residential	19x100	West	Residential
1181	13	192 ASTOR ST	Residential	17.10X100	East	Residential
2612	20, 21	29-31 WINANS AVENUE	Side Lot	4064.64 SF	Central	Residential
2631	46	716-718 S 12TH STREET	Residential	31X100	South	Residential
2639	21	493AVON AVENUE	Residential	20X99.5	South	Residential
2641	13	63 MONTGOMERY AVENUE	Vacant Lot	25X100	South	Vacant Lot
2646	4	434 AVON AVENUE	Vacant Lot	25X99.10	South	Vacant Lot
2692	9	113 RIDGEWOOD AVENUE	Residential	25X105	South	Residential
3001	19	87 SEYMOUR AVENUE	Vacant Lot	29X111	South	Vacant Lot
3020	39	170 SEYMOUR AVENUE	Residential	24X102.6	South	Residential
3021	22	239 1/2 HAWTHORNE AVENUE	Residential	23.5X100	South	Residential
3034	29	54-56 NAIRN PLACE	Residential	36X100	South	Residential
3038	25	59 MILLINGTON AVENUE	Vacant Lot	25X100	South	Vacant Lot
3586	36	895 HUNTERDON STREET	Residential	25X100	South	Vacant Lot

COMMENTS
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Ground-up

A Proposal For:

NJRA

New Jersey Redevelopment Authority

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Executive Summary

Invest Newark, a NJ nonprofit 501(c)3 corporation (IN), propels the City's strong and diverse economy, builds vibrant communities, and creates opportunities for all Newarkers. Our dedicated team of expert planners, investment professionals, and innovators ensure all Newarkers have the resources to thrive. Invest Newark supports small, women and minority-owned businesses, invests in world-class internet service, spurs real estate development and executes economic development activities to produce and sustain economic growth, generate jobs and create wealth for the citizens of Newark.

Moreover, Invest Newark is the operator of the state of New Jersey's first and only land bank. Through the Newark Land Bank (NLB), Invest Newark (IN) will acquire, maintain, and repurpose vacant, abandoned, and foreclosed properties throughout the City of Newark's neighborhoods. Some of the benefits of a land bank include (but are not limited to): the retention and expediting of the decision-making process over public assets, a decrease in blight and the negative environmental activity thereof, as well as an increase in surrounding property values, while strengthening the City's tax base. All of the NLB's programming has an intentional goal of using the disposition of property as a way to eliminate Newark's wealth gap, which cuts deeply across racial lines.

One of the catalytic programs under the NLB is the Section 8 Homeownership Conversion Program (S8HCP). S8HCP is an award winning (https://www.newarknj.gov/news/city-of-newark-and-invest-newark-win-75-000-award-to-advance-housing-affordability-solutions), innovative collaborative initiative that creates new homeowners from Newark's HUD Section 8 rental population. In short, the Newark Housing Authority has more than 5,300 Section 8 rental vouchers throughout the city and has more than 1,000 voucher holders that are at the higher end of the income guidelines for the program. One of the goals of S8HCP is to target those voucher holders that have a steady income, a small amount of savings (which the NHA assists with) and the desire to own a home. In partnership with the Neighborhood Assistance Corporation of America (NACA), we are able secure mortgages for the voucher holders and help make the dream of homeownership a reality.

In addition, the NLB has created various collaborations that are all geared toward homeownership development, financial assistance and economic education. Under the NLB's umbrella, there is support from: the City of Newark's mortgage down payment assistance program and property tax abatements; the Urban League of Essex County's homeownership and wealth building courses; Invest Newark's mortgage education assistance webinars; Local Initiatives Support Corporation (LISC) and Victoria Foundation with access of up to $3 Million (MM) in low interest loan capital for the redevelopment of the homes; and a cohort of qualified local MWBE general contractors that will rehabilitate and/or construct the homes.

For this request, Invest Newark is seeking $5 MM in Housing Trust Funds to assist with the completion of 20 affordable single-family homes over the next 5 years (a $6.2 MM in total project costs). IN is requesting the funds to help pay for the overall cost of construction (in the form of a 1% loan), homeownership programming and administration costs (in the form of a grant- 18% of the total project costs). An NJRA investment would help revolve more than $250,000 back into the Land Bank, help toward increasing Newark homeownership rate, create more than 375 construction jobs while becoming constructed by more than 15 local MWBE general contractors, recycle approximately $3.5 MM into the local Newark economy and help to return 20 vacant or blighted properties back to Newark's tax rolls which would generate $1.2 MM in tax revenue over the next 10 years. The homes would be built for Fifteen (15) Section 8 voucher holders, and five (5) workforce homeowners.

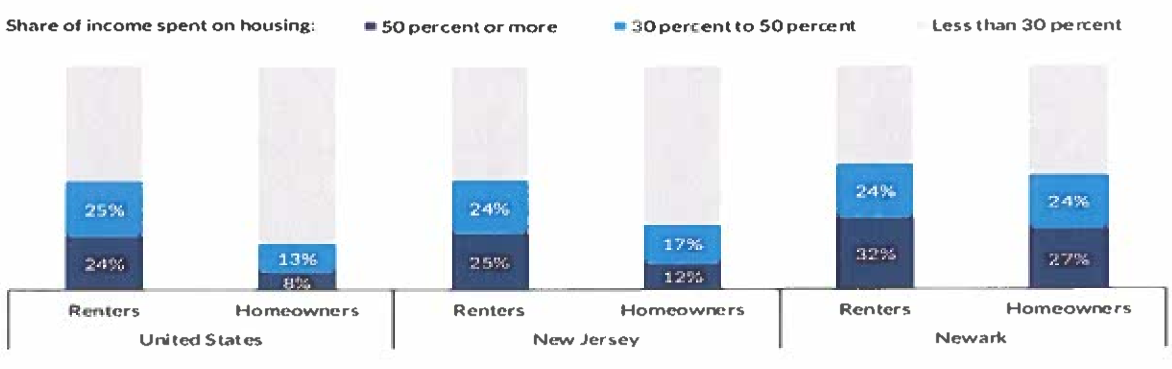
Statement of Need

According to a recent report done by the NJ Institute of Social Justice, there may be no better example of the United States racial wealth gap than the state of New Jersey. Since New Jersey is one America's wealthiest states, the wealth gap is on extreme display, while highlighting major poverty conditions statewide. "New Jersey's racial diversity and racial segregation, combined with its extreme wealth and punishing poverty, have created in New Jersey's neighborhoods some of the fiercest segregation by race, ethnicity, and income in this country. The racial wealth gap is even starker in New Jersey than at the national level. In New Jersey, the median net worth for white families is $352,000—the highest in the nation. But for New Jersey's Black and Latina/Latino families it is just $6,100 and $7,300, respectively. This amounts to a typical Black family in New Jersey having less than two cents, and a typical Latina/Latino family about two cents, for every dollar of wealth held by a typical white family." (Erasing New Jersey's Red Lines, 2020, NJISJ, pp. 5)

One of the key forces behind New Jersey's racial wealth gap is homeownership. Homeownership has been proven to be a significant component to creating generational wealth and via home equity, a houseowner's most valuable asset, allows for accumulation of wealth and family prosperity. "The impact of owning a home on a household's ability to accumulate wealth is significant—the average U.S. homeowner has household wealth of $231,400, while the average renter has household wealth of only $5,200." (Erasing New Jersey's Red Lines, 2020, NJISJ, pp. 6)

Closer to home in the City of Newark, there is a very low 24% homeownership rate, which is 40% and 39% lower than that of the United States and New Jersey, respectively. Newark's population is made up of 47% Black households and 39% Hispanic households. There are several factors to why Newark's Black and Hispanic households' own homes at much lower rates than non-Hispanic white households, like negative historical activity and structural racism; but Newark's surprisingly low homeownership rate could be partially explained by the significant share of homeowners that are cost burdened. Many of Newark's families spend 30% or more of their income on housing. Nationwide, 49% of renters are cost burdened and 24% are severely cost burdened, spending 50% or more of their income on rent. Homeowners are less likely to be cost burdened than renters because of their ability to lock in a monthly housing payment with a mortgage and to reduce their mortgage payment by refinancing when mortgage interest rates decline.

More than half of Newark homeowners are cost burdened



Source: 2019 American Community Survey.
Note: Cost burdened describes renters or homeowners who spend 30 percent or more of their income on housing.
Severely cost burdened describes renters or homeowners who spend 50 percent or more of their income on housing.

In addition, after the national economic downturn of 2008, median sales prices in Newark, New Jersey and the United States all rose but grew fastest in Newark. In 2012, Newark's sales price dropped to a low of $126,669, but by 2019, it rose by 90% to $240,088. At the same time, median household income for Newark homeowners increased 12% to $65,856. Meanwhile, eight miles away in a predominantly white population of the Township of Millburn, also in Essex County, displays a homeownership rate and income gap of more than 50% each.

HOME VALUES IN NJ: THE DIFFERENCE EIGHT MILES MAKES

	NEWARK	MILLBURN
Black population	**50%**	**2%**
White population	**11%**	**67%**
Homeownership	**23%**	**81%**
Median home value	**$231,500**	**$1,096,200**

Source: Erasing NJ's Red Lines, New Jersey Institute for Social Justice

As a result, Invest Newark is striving to close Newark's wealth gap and increase the homeownership rate, by utilizing the Newark Land Bank (NLB) to intentionally address the aforementioned social ills. "Land banks are government-created institutions whose mission is to return vacant, abandoned and tax-delinquent properties into productive use. Land banks are empowered to acquire land, eliminate back taxes, and tax liens attached to a property in order to create a clean title, maintain the land in compliance with local and state ordinances, and convey the property back into active use." (CLiME Report, 2021) It is Invest Newark's mission to use the NLB, the State of New Jersey's first and only Land Bank, as a tool to create equitable growth and generational wealth, via homeownership opportunities, job creation, economic stimulus, community partnerships and public/private investment. "Equitable governance [of a Land Bank] carries the potential to stimulate local community markets hobbled by underinvestment, spread resources to resource-poor areas, and ensure greater fairness for disadvantaged community members." (CLiME Report, 2021) Invest Newark's NLB, in lockstep with the City of Newark, has an ambitious goal of increasing the homeownership rate to 40% over the next 10 years, with an emphasis on ensuring that Newark residents with lower incomes have a real chance at homeownership as well. The NLB's Homeownership Programming will be a major driver for homeownership growth in Newark.

Program Description

The Newark Land Bank has key programming that is designed to help current and future Newarkers have access to property ownership, economic development opportunities and the removal of blight from Newark neighborhoods. The NLB has:

The **PRO (Purchase-Rehabilitate-Occupy) Newark Homeownership Program** – which helps First-Time, Owner-Occupied Home Buyers successfully purchase homes to rehabilitate, and live in. Eligible properties owned by NLB are sold to qualified applicants that can demonstrate a clear intent and ability to undertake the appropriate rehabilitation and reside in the property as their principal residence for seven (7) consecutive years.

The **Move-In Ready Program (MIRP)** – is designed for First-Time, Owner-Occupied Home Buyers looking to purchase a home that has already been renovated. Properties offered for purchase are quality homes fully rehabilitated by local M/W/DBE contractors engaged by NLB. Buyers are required to reside in the property as their principal residence for seven (7) consecutive years.

The **Resident Advantage Homeownership Program** - one of the key priorities of the NLB is to boost homeownership opportunities for Newark residents. The Resident Advantage Homeownership Program was created **exclusively** for Newark residents who are looking to become First-Time, Owner-Occupied Home Buyers. This sale is designed to ensure that existing residents have an opportunity to remain domiciled in the City and have an equitable opportunity to achieve the dream of homeownership.

The **Section 8 Homeownership Conversion Program** - the strength and uniqueness of the Section 8 Homeownership Conversion Program (S8HCP) is found in its comprehensive collaborative approach, or locally known as the Newark Collaborative. The Newark Collaborative consists of community organizations that work together for the S8HCP to form an organic extension of the work each of the partners currently provide to Newark's residents. As part of the S8HCP, Newark Housing Authority (NHA) has homeownership programming for an interested selection of its 5,365-active Housing Choice Voucher holders (Section 8) and they target those who have worked consistently and are following the guidelines of the HUD sponsored homeownership programming. For those Section 8 renters that are diligent and consistent, NHA will provide technical assistance and counseling to help them with the administrative forms required to convert rental assistance vouchers to mortgage assistance vouchers.

If granted, the NJRA's Housing Trust funds would support the conversion of blighted city-owned properties into homeownership opportunities for Newarkers that are generally at income levels lower than 80% AMI. Invest Newark (IN) oversees the operations of the NLB, and we intend to acquire, maintain, and repurpose vacant, abandoned, and foreclosed properties throughout the City of Newark. Some of the benefits of a land bank include but are not limited to; the retention of decision-making rights over public assets, a decrease in blight and related criminal activity, and an increase in surrounding property values, once the end users are identified.

Therefore, as a part of NLB's disposition strategy (specifically the MIRP and the S8HCP), the City of Newark will transfer city-owned properties to the Newark Land Bank and Invest Newark will procure local contractors to rehabilitate or construct blighted public properties. Simultaneously, for the MIRP, City of Newark residents will have access to the purchase of newly renovated properties via the NLB website, wherein they will bid on the properties through a fair and transparent process. Bidders will be selected based on key variables like; the ability to occupy the property for more than 7 years, the ability to acquire a mortgage and the timing of the submission of a complete application package. For the S8HCP, the Newark Housing Authority (NHA) will create a lottery system for Section 8 voucher holders that qualify for homeownership opportunities through the Neighborhood Assistance Corporation of America (NACA), who has a collaboration with Bank of America exclusively for Section 8 voucher holders. Lottery participants will file documents necessary to convert Section 8 rental vouchers into Section 8 mortgage assistance vouchers. Participants will also complete mandatory credit and post-homeownership counseling that will be conducted by the HUD Certified Urban League of Essex County (ULEC). In addition, the City of Newark's Department of Economic and Housing Development, will offer a down payment assistance program to aid participating families with up to $15,000 toward the purchase of their new homes; as well as tax abatements that will freeze the taxes at the same rate for the next 15 to 30 years (the length of the voucher and/or the term of a mortgage). Also, Invest Newark will serve as lead developer and provide up to $1MM in funding toward the overall project to repurpose and/or construct the abandoned homes and/or develop newly constructed homes on vacant lots.

It is noteworthy to mention that the Newark Land Bank has sold 15 S8HCP properties to date and has had more than 85 properties in its inventory (after all sales we currently have 35 remaining). We have earmarked 25 additional for the S8HCP and 5 for the MIRP. Currently we are rehabilitating ten (10) S8HCP homes and using 4 local MWBE general contractors for the projects. Recently, the NLB was approved for an additional 85 city-owned properties to be transferred by the third quarter of 2023, of which 25 will be earmarked for S8HCP and MIRP.

Please note that every property sold via the S8HCP or MIRP has been and will continue to be restricted to ensure that affordability stays at that location. Although we require that the homeowner must stay for a minimum of seven years, if the property owner decides to sell before the required time of stay, they must sell it to someone or a family that has an income of 80% AMI at that time.

For this funding request, Invest Newark plans to help up to 20 low- and moderate-income families achieve their dreams of homeownership over the next five years. Transitioning renters to homeowners will not only serve as a source of stability for families and communities, but it is also an effective wealth-building strategy that will raise Newark's low homeownership rate. In addition, by providing procurement opportunities for local/MWBE contractors, the program will boost the local economy and support Newark-based companies that hire, buy, and grow locally. Each home will create more than 15-20 construction jobs at each site and generate upwards of $150,000 in local purchases per home (or $3 MM over the proposed 20 homes to be built). This program will efficiently convert blighted public property into homeownership opportunities for lower income residents, while generating more than $1.25 MM in tax revenue for the City of Newark over the next 10 years. This type of innovative affordable homeownership development has been noted to be unprecedented throughout the nation.

Program Partnerships Snapshot:

City of Newark

The City of Newark will transfer blighted or abandoned city-owned real estate assets to Invest Newark for rehabilitation and redevelopment. The Economic and Housing Development Department (EHD) will author and administer the City of Newark's redevelopment plans and will assist program participants with down payment costs (up to $15K) via municipal subsidy as part of the home acquisition process. In addition, the city of Newark will provide a tax abatement for each new homeowner, wherein they will freeze the tax rate for up to 15-30 years (depending on the program) to help alleviate any rise in mortgage payments.

Newark Housing Authority (NHA)

As part of the Section 8 Homeownership Conversion Program, NHA will create a homeownership lottery for qualified Section 8 residents seeking to obtain their dreams of homeownership. NHA will also assist individual Section 8 renters with the administrative forms required to convert rental assistance vouchers to mortgage assistance vouchers. Per HUD policy, the term of a Section 8 mortgage assistance vouchers is 15 years.

LISC Newark

Since 1986, LISC Newark has collaborated with Community Based Organizations (CBO) in Newark and the surrounding region to improve the quality of life for residents and businesses. LISC Newark has invested more than $103 MM in Greater Newark and has contributed to the production of more than 2,600 affordable homes and apartments and more than 750,000 square feet of commercial space. LISC Newark has committed $1.9 MM in low interest loan funds to assist with current projects.

Urban League of Essex County

The Urban League of Essex County (ULEC) will continue to provide homeownership counseling, both pre-ownership and post-homeownership. Housing counselors work to ensure that first-time homeowners have the tools to homeownership and once the property acquired, ULEC will lead mandatory homeownership workshops that will assist the new homeowner with the transition from renter to homeownership. They will provide one on one advice about the rights and responsibilities of homeownership, budgeting, credit repair, Fair Housing Laws, etc.

Neighborhood Assistance Corporation of America

NACA's has a $10 BB national partnership with Bank of America (BOA) via the Homeownership Through Public Housing Assistance (HOT-PHA) Program. NACA/BOA will provide 20-year customized mortgages to the voucher recipients via an accelerated payoff product that will allow the homeowner to have no mortgage after the voucher period ends. In addition, NACA administers HUD Certified Homeownership and nationally accredited Credit Counseling Workshops.

Wells Fargo CommunityWINS U.S. Conference of Mayors

Since 2015, The U.S. Conference of Mayors and Wells Fargo have awarded six million dollars to nonprofits in cities through the CommunityWINS program in such areas as workforce development, economic development, and neighborhood stabilization. In 2021, Wells Fargo focused on housing affordability and solutions designed to increase the availability and affordability of rentals, transitional housing, or sustainable homeownership.

Victoria Foundation

Since 1924, Victoria Foundation has partnered with Black and Brown residents and other marginalized communities in Newark and nonprofit organizations to champion bold strategies that strengthen community power, foster economic justice, promote youth self-determination, and respond to pressing needs. This year Victoria has committed to provide $800,000 in 1% construction loans to Invest Newark for the construction of S8HCP homes.

National Fair Housing Alliance (NFHA)

NFHA is the only national organization solely dedicated to ending discrimination in housing in the United States. This year NFHA has committed to providing $185,000 in grant funds to assist with the construction of S8HCP homes.

Program Timeline

Development Milestone (2023-2028)

1. Transfer of Land Bank Properties April 2023
2. Selection of local MWBE Contractors for 1st Phase August 2023
3. 1st Phase (10 Homes) September 2023- Includes the start of the construction phase and the start of credit, homeownership, wealth building courses for identified Section 8 voucher holders. September 2023 $2 MM outgoing
4. Send out RFP for 2nd Phase (10 Homes) June 2024
5. 1st Phase Construction Complete August 2025 (weather permitting)
6. Selection of local MWBE Contractors for 2nd Phase August 2024 (weather permitting)
7. Lottery and Sales of 1st Phase Homes September 2025 $2.6MM incoming
8. 2nd Phase Start (10 Homes)- Includes the start of the construction phase and while credit, homeownership, wealth building courses for identified MIRP and Section 8 voucher holders are underway. September 2025 $2MM outgoing.
9. 2nd Phase Construction Complete September 2027 (weather permitting)
10. Lottery and Sales of 2nd Phase Homes October 2027 $2.6 MM incoming.
11. Wrap up period November 2027 to April 2028.

Total Program Budget

Sources and Uses

In this grant request, Invest Newark is seeking $5MM in Housing Trust funds to assist with the completion of 20 homes, via the MIRP and/or S8HCP, over the next two years. IN is requesting the funds to assist with overall cost of construction, the cost of homeownership programming and program administration, along with funds for acquisition of non- city owned vacant and/boarded up properties. The NJRA Housing Trust funds would be a part of a capital stack that would help revolve more than $250,000 back into the program fund, create a return of investment of over $200,000 (if a loan at 1% interest), create more than 375 construction jobs, recycle $4 MM into the local Newark economy and help to return 20 vacant or blighted properties back to Newark's tax rolls which would generate $1.5 MM in tax revenue over the next 10 years.

S8HCP Program Sources	
Sources	**Amount**
Invest Newark/INLB	$1,000,000
NJRA HTF	$5,000,000
NHFA	$185,000
Wells Fargo Grant	$75,000.00
Total Sources	$6,260,000
Uses	
Site Work, Demo and Abatement	$629,875
Acquistion Funds	$500,000
Admin. Costs	$250,000
Homeownership Programming	$150,000
Construction (Rehab and new)	$4,305,125
Contingency (5%)	$225,000
Fees and Interest	$200,000
Total Uses	$6,260,000

Total Project Budget

Over the next 2 years, the proposed NJRA investment would assist with building or rehabilitation of 20 single-family homes and more than 50,000 square feet of deed-restricted affordable housing. The budget highlights a moderate per square foot build cost of $109 psf and the cost of 7 home rehabilitations with 8 ground up constructed homes. The total project cost is $5.8 MM. There is also a 3% Developer's Fee for Invest Newark.

	Residential			**Non-Residential**		
	*Residential Square feet:	50,000		Commercial Square feet:		
	Residential As a % of Total SF	100%		Commercial As a % of Total SF	0%	
	No. of units:	20				
Category	**Residential Amount**	**Cost per Unit**	**Cost per SF**	**Non-Residential Amount**	**Cost per SF**	**Total Amount**
Acquisition	$0	NA		$0	NA	$0
Hard Costs	$5,448,500	$225,000	$108.97	$0	NA	$5,448,500
Soft Costs	$200,000	NA	$200,000.00	$0	NA	$200,000
Developer fees	$163,455	NA	$8,172.75	$0	NA	$163,455
Total	$5,811,955	NA	$109	$0	NA	$5,811,955

TOTAL DEVELOPMENT BUDGET

	Item	Total		Per Unit (Residential)	Non Residental	Use of Land Bank Funds
Acquisition	Land			NA		
	Building			NA		
	Pre-closing costs			NA		
	Total Acquisition	$0		NA		
Hard Costs	Site Work, Demo, and Abatement	$429,875		NA		
	Construction Residential	$4,520,000		NA		
	Construction Commercial			NA		
	Commercial Tenant Improvements			NA		
	Parking			NA		
	General Requirements			NA		
	Contractor Overhead/Profit			NA		
	Hard Cost Contingency (as % of total ha	$498,625	10.07%	NA		
	Total Hard Costs	$5,448,500		NA		
Soft Costs	Accounting and Financial Consulting			NA		
	Appraisal			NA		
	Architect	$0		NA		
	Design			NA		
	Supervision			NA		
	Builder's Risk Insurance			NA		
	Building Permits			NA		
	Construction Period Operating Expenses	$0		NA		
	Property Taxes			NA		
	Security and Utilities			NA		
	Other Operating Expenses			NA		
	Consultant Fees			NA		
	Engineering			NA		
	Environmental Study			NA		
	Escrow for Operating Deficits			NA		
	Financing Costs	$200,000		NA		
	Construction Interest			NA		
	Loan/Financing Fees			NA		
	Predevelopment Loan - Interest Payments			NA		
	Other Financing Costs			NA		
	HTC Asset Management Fee			NA		
	HTC Fees			NA		
	Insurance During Construction			NA		
	Legal	$0		NA		
	Transaction			NA		
	Organization			NA		
	Syndication			NA		
	Lender Inspections			NA		
	Market Study			NA		
	Marketing and Leasing Commissions			NA		
	Organization Costs (except legal)			NA		
	Other Construction Deficits/Revenues			NA		
	Partnership Management Fees			NA		
	Project Management Fees			NA		
	Soft Cost Contingency (as % of total soft costs)		NA	NA		
	Survey/Site Tests			NA		
	Syndication Fees			NA		
	Tax Credit Application			NA		
	Tenant Relocation			NA		
	Title, Mortgage Recording, Transfer Taxes			NA		
	Total Soft Costs	$200,000		NA		
	Developer Fees	$163,455		NA		
TOTAL COSTS		$5,811,955		NA		

Typical Single Project Costs (Rehab)

This budget highlights a low per square foot build cost of $119 psf which includes a 3% developers fee for the local MWBE General Contractors. The average total project cost for a single-family rehabilitation is $225,000.

TOTAL DEVELOPMENT COST

	Residential			Non-Residential		
	Residential Square feet:	1,885		Commercial Square feet:		
	Residential As a % of Total SF	100%		Commercial As a % of Total SF	0%	
	No. of units:	1				
	Property Details	4 Bedroom, 2.5 Bathroom, Built 1915, Lot Size 2,500 sqft				
Category	**Residential Amount**	**Cost per Unit**	**Cost per SF**	**Non-Residential Amount**	**Cost per SF**	**Total Amount**
Acquisition	$0	NA		$0	NA	$0
Hard Costs	$225,000	$225,000	$119.36	$0	NA	$225,000
Soft Costs	$2,000	NA	$0.00	$0	NA	$2,000
Developer fees	$6,000	NA	$0.00	$0	NA	$6,000
Total	$233,000	NA	$119	$0	NA	$233,000

TOTAL DEVELOPMENT BUDGET

	Item	Total		Per Unit (Residential)	Non Residental	Use of Land Bank Funds
Acquisition	Land			NA		
	Building			NA		
	Pre-closing costs			NA		
	Total Acquisition	$0		NA		
Hard Costs	Site Work, Demo, and Abatement	$16,775		NA		
	Construction Residential (Rehab)	$180,980		NA		
	Construction Commercial			NA		
	Commercial Tenant Improvements			NA		
	Parking			NA		
	General Requirements			NA		
	Contractor Overhead/Profit			NA		
	Hard Cost Contingency (as % of total hard costs)	$18,750	9.48%	NA		
	Total Hard Costs	$216,505		NA		
Soft Costs	Accounting and Financial Consulting			NA		
	Appraisal			NA		
	Architect	$0		NA		
	Design			NA		
	Supervision			NA		
	Builder's Risk Insurance			NA		
	Building Permits			NA		
	Construction Period Operating Expenses	$0		NA		
	Property Taxes			NA		
	Security and Utilities			NA		
	Other Operating Expenses			NA		
	Consultant Fees			NA		
	Engineering			NA		
	Environmental Study			NA		
	Escrow for Operating Deficits			NA		
	Financing Costs	$2,000		NA		
	Construction Interest			NA		
	Loan/Financing Fees	$2,000		NA		
	Predevelopment Loan - Interest Payments			NA		
	Other Financing Costs			NA		
	HTC Asset Management Fee			NA		
	HTC Fees			NA		
	Insurance During Construction			NA		
	Legal	$0		NA		
	Transaction			NA		
	Organization			NA		
	Syndication			NA		
	Lender Inspections			NA		
	Market Study			NA		
	Marketing and Leasing Commissions			NA		
	Organization Costs (except legal)			NA		
	Other Construction Deficits/Revenues			NA		
	Partnership Management Fees			NA		
	Project Management Fees			NA		
	Soft Cost Contingency (as % of total soft costs)		NA	NA		
	Survey/Site Tests			NA		
	Syndication Fees			NA		
	Tax Credit Application			NA		
	Tenant Relocation			NA		
	Title, Mortgage Recording, Transfer Taxes			NA		
	Total Soft Costs	$2,000		NA		
	Developer Fees	$6,495		NA		
TOTAL COSTS		$225,000		NA		

Typical Single Project Costs (New Construction)

This budget highlights a low per square foot build cost of $119 psf which includes a 3% developers fee for the local MWBE General Contractors. The average total project cost for a single-family rehabilitation is $245,000, with a 10% contingency for each project.

Residential		Non-Residential	
Residential Square feet:	1,885	Commercial Square feet:	
Residential As a % of Total SF	100%	Commercial As a % of Total SF	0%
No. of units:	1		
Property Details	4 Bedroom, 2.5 Bathroom, Built 1915, Lot Size 2,500 sqft		

Category	Residential Amount	Cost per Unit	Cost per SF	Non-Residential Amount	Cost per SF	Total Amount
Acquisition	$0	NA		$0	NA	$0
Hard Costs	$245,000	$245,000	$129.97	$0	NA	$245,000
Soft Costs	$2,000	NA	$0.00	$0	NA	$2,000
Developer fees	$6,000	NA	$0.00	$0	NA	$6,000
Total	$253,000	NA	$130	$0	NA	$253,000

TOTAL DEVELOPMENT BUDGET

	Item	Total		Per Unit (Residential)	Non Residental	Use of Land Bank Funds
Acquisition	Land			NA		
	Building			NA		
	Pre-closing costs			NA		
	Total Acquisition	$0		NA		
Hard Costs	Site Work, Demo, and Abatement	$16,775		NA		
	Construction Residential (Rehab)	$200,000		NA		
	Construction Commercial			NA		
	Commercial Tenant Improvements			NA		
	Parking			NA		
	General Requirements			NA		
	Contractor Overhead/Profit			NA		
	Hard Cost Contingency (as % of total hard costs)	$19,750	9.11%	NA		
	Total Hard Costs	$236,525		NA		
Soft Costs	Accounting and Financial Consulting			NA		
	Appraisal			NA		
	Architect	$0		NA		
	Design			NA		
	Supervision			NA		
	Builder's Risk Insurance			NA		
	Building Permits			NA		
	Construction Period Operating Expenses	$0		NA		
	Property Taxes			NA		
	Security and Utilities			NA		
	Other Operating Expenses			NA		
	Consultant Fees			NA		
	Engineering			NA		
	Environmental Study			NA		
	Escrow for Operating Deficits			NA		
	Financing Costs	$2,000		NA		
	Construction Interest			NA		
	Loan/Financing Fees	$2,000		NA		
	Predevelopment Loan - Interest Payments			NA		
	Other Financing Costs			NA		
	HTC Asset Management Fee			NA		
	HTC Fees			NA		
	Insurance During Construction			NA		
	Legal	$0		NA		
	Transaction			NA		
	Organization			NA		
	Syndication			NA		
	Lender Inspections			NA		
	Market Study			NA		
	Marketing and Leasing Commissions			NA		
	Organization Costs (except legal)			NA		
	Other Construction Deficits/Revenues			NA		
	Partnership Management Fees			NA		
	Project Management Fees			NA		
	Soft Cost Contingency (as % of total soft costs)		NA	NA		
	Survey/Site Tests			NA		
	Syndication Fees			NA		
	Tax Credit Application			NA		
	Tenant Relocation			NA		
	Title, Mortgage Recording, Transfer Taxes			NA		
	Total Soft Costs	$2,000		NA		
	Developer Fees	$7,096		NA		
TOTAL COSTS		$246,621		NA		

Program Analysis

Homeownership Analysis

Invest Newark will build each single -family homes for an average cost of $235,000, with a home sales price of $245,000- $260,000. For the S8HCP, the NACA mortgage has a common interest rate of 3% or lower and will have a term of 20 years (which will be accelerated by additional principal payments, to reduce the loan term life to 15 years). The City of Newark has agreed to freeze the taxes for 15-30 years to ensure affordability (depending on the Program). For the S8HCP, a family would need to make a minimum income of $17,325 (estimated) to maintain the mortgage, due to the assistance of the Housing Choice Voucher (which covers up to 80% of the mortgage if the family's income needs assistance). For the MIRP, mortgage rates will be tied to the market, but MIRP participants could qualify for the many FHA mortgage products which require only a 3.5% downpayment and a 580 credit score. Invest Newark has programing that will assist the workforce homebuyer with the homeownership process as well as linking them to banks and mortgage companies that cater to their affordability range. For the MIRP, Invest Newark will rehab or built each home for an average cost of $225,000 to $275,000, with a sales price of $290,000-$300,000, Which a family making an annual income of $90,000 could afford.

Homeownership Affordability Analysis		Cost per Unit (S8HCP)	Cost per Unit (MIRP)
Total Development Cost		$225,000	$275,000
Subsidy		$0	$0
Development cost less subsidy		$225,000	$275,000
Sales Price		$260,000	$300,000
Down payment/Interest Buy Down (3.5%)		$7,800	$10,500
Down payment Assistance (City of Newark)		$15,000	$15,000
Sales price less down payment		$237,200	$274,500
Mortgage amount		$237,200	$274,500
Funds available to the NLB after sale		$35,000	$25,000
Monthly:			
P&I		$1,316	$1,522
Interest Rate	3%		
Term Years	20		
Taxes and Insurance (Est. $4,000 Taxes per year and Insurance $1,000 per year and MIP of $3,437 per year)		$417	$703
Total monthly PITI		$1,733	$2,225
Potential Actual Minimum Cost to Homeowner		$433	$2,225
Annual income required for 30% housing expense test		$17,325	$89,015
Local Area Median Income (family of 4 at 50%AMI)		$53,700	
Local Area Median Income (family of 4 at 80% AMI)			$85,920

Overall Program Analysis (2 years)

For this funding request, Invest Newark is seeking $5 MM assist with rehabilitating and/or constructing single family homes for 20 low- and moderate-income families to achieve their dreams of homeownership over the next two years. Transitioning renters to homeowners will not only serve as a source of stability for families and communities, but it is also an effective wealth-building strategy that will raise Newark's low homeownership rate. In addition, by providing procurement opportunities for local/MWBE contractors, the program will boost the local economy and support Newark-based companies that hire, buy, and grow locally. Each home will create more than 15-20 construction jobs at each site and generate upwards of $200,000 in local purchases per home (or $4 MM over the proposed 20 homes to be built). This program request could provide up to $70K of return on investment and up to $600K back to the NLB for reprogramming, while generating more than $1.25 MM in tax revenue for the City of Newark over the next 10 years. This type of innovative affordable homeownership development has been noted to be unprecedented throughout the nation.

Section 8 Fund (Project Goal-26 Properties over 2 years)

Source	Amount	Notes	%	Status
Invest Newark	$1,594,800	Single Project Costs=$1[illegible],145	23.3%	Committed
NJRA HTC	$5,000,000		72.9%	Committed
NHFA	$185,000		2.7%	Commited
Wells Fargo Grant	$75,000		1.1%	Committed
Total	$6,854,800		100%	

Debt Fund Structure

Rate	Amount	Source		
1%	$5,000,000	NJRA		

Assumption Notes

Blended Rate	1.0%
# of Units per Project	20.00
Total # of Units	20.00

Apprasial Notes

Average Sales Price per Unit	$215,000
Newark Median Single Family Home Price (Source: RealtyTrac 2018)	$264,000
Move In Equity	$49,000

Assumptions Per Project

Construction Time (months)	10
Average Construction Costs per Unit	$225,000
Loan Interest Costs (1%, amort. 25 years= $754 p/m)	$7,540
Avg. Loan Size Per Unit	$239,290
Grant Per Unit	$13,000
Sale Time (days)	30.00
IN Developer Fee	$6,750
Sale Price per unit	$235,000
Total Sales	1
Total # of units	1
Total Development Costs	$239,290
Total Development Costs minus grant	$226,290
Total Amount from Invest Newark	$56,573
Total Amount from NJRA	$162,929
Total Amount from Wells Fargo	$3,000
Total Amount from NHFA	$20,000
Total Return to IN LB after Sale	$8,710

Assumptions for 26 Units of Housing

Total # of units	20
Total Development Costs	$4,785,800
Total Development Costs minus grants	$4,525,800
Total Amount from Invest Newark	$1,594,800
Total Amount from NJRA	$5,000,000
Total IN Developer Fee	$135,000
Total Interest Paid to NJRA if fully deployed (1% @ 25 amort for 10 months of interest only payments)	$150,800
Total Interest Paid	$150,800
Net Income to NLB from Sales (20 units)	$217,750

Assumption Notes

1) Interest Fees assumes NJRA loan payments (loan term: interest only for 10 months at 1%, amort. for 25 years)

3) Developer Fees are included in the Development Budget (3% to Invest Newark)

4) Sales Proceeds revolve back into the Section 8 Fund

5) Each project will be collateralized by a first lien (or para passu. If needed) on each property and a commitment letter from a take out source (end user)

6) All homes are a mix of Rehabilations and New Construction Lot Infills

7) Sales Prices are 20% (or more) below Median Area Sales Price for Single Family Homes

Program Cash Flow (12 months)

The cash flow for the program's initial 12 months would begin with a cash start of $2 MM with an estimated 10-12-month construction period, with the income from home sales providing pay down of loans as the projects are completed. Due to the flow of cash, debt coverage is not a risk.

Project Operating Pro Forma (12 months)		%[6]	1-May	1-Jun	1-Jul	1-Aug	1-Sep	1-Oct	1-Nov	1-Dec	1-Jan	1-Feb	1-Mar	1-Apr	Total
INCOME	Cash Start (10 Properties- $1.5 MM NJRA, $50K NHFA, $450K IN)	0%	$2,000,000	$1,030,000	$1,030,000	$1,030,000	$1,030,000	$1,030,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000
	Less: Iniatial Cash Disbursed		$970,000	$0	$0	$0	$0	$1,000,000	$0	$0	$0	$0	$0	$0	$1,970,000
	Home Sales Proceeds		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$2,600,000	$2,600,000
	Total Cash Received		$1,030,000	$1,030,000	$1,030,000	$1,030,000	$1,030,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$2,630,000	$660,000
EXPENSES[5]				$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Contingency		$100,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$100,000
	Misc.		$50,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$50,000
	Total Operating Expenses[6]		$150,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$150,000
NOI	free and clear cash flow		$880,000	$1,030,000	$1,030,000	$1,030,000	$1,030,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$2,630,000	$510,000
	NJRA HTF Loan ($1.5M @ 1%, amort @25 years I/O)		$2,954	$2,954	$2,954	$2,954	$2,954	$2,954	$2,954	$2,954	$2,954	$2,954	$2,954	$2,954	$35,450
			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0			
	Total Debt Service		$2,954	$2,954	$2,954	$2,954	$2,954	$2,954	$2,954	$2,954	$2,954	$2,954	$2,954	$2,954	$35,450
NET CASH FLOW	Less: Partnership Management Fee														
	Less: Deferred Developer Fee														
	Net cash flow		$877,046	$1,027,046	$1,027,046	$1,027,046	$1,027,046	$27,046	$27,046	$27,046	$27,046	$27,046	$27,046	$2,627,046	$2,627,046
DEBT COVERAGE RATIO[4]			297.89	348.66	348.66	348.66	348.66	10.16	10.16	10.16	10.16	10.16	10.16	890.28	14.39

Program Metrics and Impact

This project intends to promote housing-driven equitable development to all Newarkers. We aim to achieve the following quantitative and qualitative results, with key performance indicators in the following areas:

Program Metrics and Impact
1. To increase the homeownership rate from 25 percent to 40 percent over the next 10 years.
2. To create approximately 300 homeownership opportunities for Section 8/low-income residents over the next 5 years.
3. To create generational wealth opportunities for local and/or MWBE businesses through their work to rehabilitate and/or construct vacant properties or lots into homes. Goal of up to $10 MM over the next 5 years.
4. To utilize New Jersey's first Land Bank (catalytic economic event) as a tool that can expedite the transformation of blighted and abandoned properties into functioning homes faster than the current process and also return abandoned properties to municipal tax rolls. A goal of 500 properties over the next 5 years.
5. To provide community education on credit counseling, wealth building and asset management. A goal of 1,000 families over the next 5 years.
6. To deliver measurable socio-economic benefits for Community Reinvestment Act (CRA) and philanthropic investors. A goal of $3 MM over the next 3 years.
7. To leverage the city's down payment assistance program funds. Up to $10 MM over the next 5 years.
8. To demonstrate a strong, comprehensive collaboration between government and private sector partners that fosters affordable housing and economic development.
9. To grow Invest Newark's real estate development portfolio and experience. Up to 300 properties over the next 5 years.

About Invest Newark

Invest Newark, a NJ nonprofit 501(c)3 corporation (Invest Newark), propels the City's strong and diverse economy, builds vibrant communities, and creates opportunities for all Newarkers. IN has a dedicated team of expert developers, investment professionals, and innovators to ensure all Newarkers have the resources to thrive. Invest Newark supports small, women and minority-owned businesses, operates the state's first Land Bank, invests in world-class internet service, spurs real estate development and executes economic development activities to produce and sustain economic growth, generate jobs and create wealth for the citizens of Newark.

Invest Newark provides:

BUSINESS DEVELOPMENT

Invest Newark works with businesses of all sizes from startups to large corporations. For entrepreneurs and small businesses, we provide training, financial literacy, and diversity certification programs. We help more than 3,000 companies a year that are interested in expanding or relocating in Newark and guide them every step of the way from registration to licensing.

FINANCIAL SUPPORT

Invest Newark is committed to equitable economic growth by developing programs and enabling access to capital and educational resources needed to build and grow a healthy business and development. IN provides a multitude of financial products and has provided over $5 MM in investments over the last two years, to Newark-based businesses and projects.

REAL ESTATE

Invest Newark helps both developers and businesses tap into Newark's vast development opportunities by assisting with a wide range of services, including site selection, permitting, approvals, and gap financing.

LAND BANK

Invest Newark operates the Newark Land Bank to strategically acquire, maintain, and repurpose vacant, abandoned, and foreclosed properties, and efficiently return them to productive use in order to boost homeownership; reduce blight; increase MWBE developer or subcontractor capacity; increase property values and improve the quality of life for Newark residents.

NEWARK FIBER

Invest Newark partnered with GigXero and the City of Newark's Office of Information Technology to launch Newark Fiber, Newark's homegrown high-speed internet service provider. Over the last two years, Newark Fiber has expanded its offerings from 5 to 10 GB with more than 7,000 users through corporate and residential clients.

INVEST NEWARK'S MOST RECENTS PROJECTS:

505 Clinton Artist Housing Project
Amount Invested: $8,655,412

Description:
The 505 Clinton Artist Housing Project is a mixed-use community-oriented, artist focused, affordable rental housing project located in the bustling Clinton Hill section of the City of Newark. The new construction will host 27 units of artist-focused one- and two-bedroom apartments (23 one-bedroom and 4 two-bedroom units), with an on-site café (leased by a local MWBE business owner) and 1,000 square of gallery space for the residents to showcase and curate their work (the space will also be curated by a local MWBE business owner). In addition, the project has community space, on-site laundry and 6,000 square feet of rentable micro-office space located on the lower level of the complex. The lower-level space will allow artists to create and conduct their art related business in the same building in which they live. This artist-centered project received funds from PSE&G, the City of Newark's CDBG Program and Invest Newark is a funder and serves as the project developer and property manager. The project is complete and is in the lease up/stabilization stage.

Gilbert Gant Arts Collective Press:

https://www.nj.com/essex/2022/03/newark-converts-old-bank-into-artist-live-work-space-to-help-spark-neighborhood-revival.html

Teachers Village

Amount Invested: $1,000,000 Total Project Costs: $149 Million

Description:

Teachers Village is a mixed-use community in the heart of Downtown Newark. Designed in 2012 by world-renowned architect, Richard Meier, and located on five blocks along Halsey Street and Market Street. The Village features six (6) new buildings consisting of:

- 3 Charter Schools and a Daycare
- 204 Residential Units
- 65,000 SF of Retail

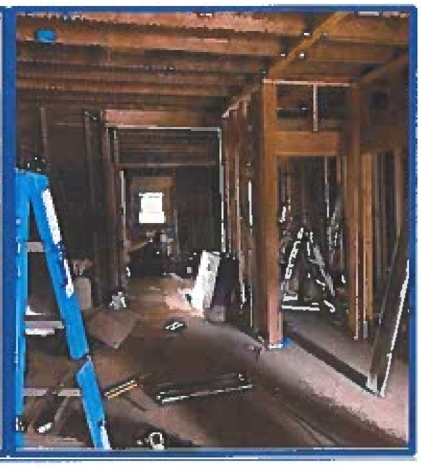
Teachers Village is the nucleus of a thriving downtown arts and education district. Invest Newark's funding was an essential part of the project's capital stack because it was early in financing that helped to shape the project. The loan has been fully repaid since 2019.

Section 8 Homeownership Conversion Program

Amount Investment: $2.5 MM loan from Invest Newark

Description:

The City of Newark, Newark Housing Authority and Invest Newark has launched a program that converts vacant and abandoned properties into homes for current Section 8 renters that qualify for Section 8 homeownership vouchers. The Section 8 Homeownership Conversion Program has created homeownership opportunities for 10 new homeowners, provided construction related 12 MWBE local Contractors, addressed vacancy and blight, grew Newark's local economy and return properties to the city tax rolls.



Section 8 National Press

Invest Newark Team

Invest Newark Board of Directors

LaMonica McIver, Council Member, West Ward

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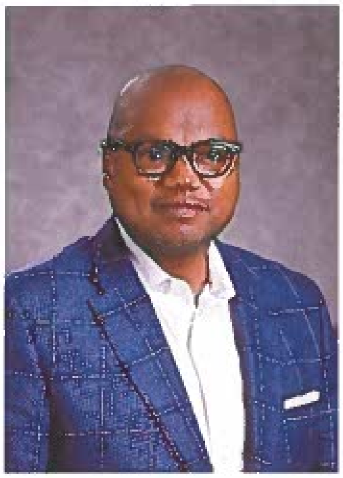
Dr. Kevin Lyons, Rutgers University Business School

Bios of Invest Newark Key Leadership

The team highlighted will be working directly on the Section 8 Homeownership Conversion Program and the Move In Ready Program:



MARCUS T. RANDOLPH

As Invest Newark's CEO, Randolph leads an organization whose mission is to advance economic prosperity for all Newarkers through supporting business growth, developing real estate, and working to ensure affordable and reliable high-speed internet for all who desire it. Providing opportunities for others to flourish is a goal he has upheld throughout his career.

Randolph joined Invest Newark after serving as an Executive Director of Chase Community Development Banking where he worked to grow and revitalize neighborhoods in New Jersey and New York. Earlier in his career, he was a Vice President of Development at the New York City Housing Development Corporation, one of the country's biggest issuers of multi-family affordable housing bonds and was a Senior Loan Officer at the Low-Income Investment Fund, a leading Community Development Finance Institution. During his career, Randolph has closed over $1B in financing that has resulted in the construction or rehabilitation of thousands of affordable housing units and the creation of hundreds of charter school seats.

Randolph serves on the boards of Greater Newark LISC and Monarch Housing Associates. He is a life member of Alpha Phi Alpha Fraternity, Inc., and has participated in numerous panels discussing affordable housing and community development.

He is passionate about helping communities of color close achievement gaps in wealth creation, educational outcomes, and business success.

Randolph grew up in New Jersey and resides there with his wife and three children. He holds a bachelor's degree in Marketing from Hampton University, an MBA from Northeastern University, and a Master of Divinity degree from Virginia Union University.

ROY SOUTHERLAND JR. is the Chief Investment Officer for Invest Newark, which is the City of Newark's Community Development Corporation. Invest Newark was created to propel a strong and diverse economy, help build vibrant neighborhoods and create opportunities for all Newarkers. He is a high-level member of a team of experts that controls the management of Invest Newark's $15 Million of investment funds, assists with operations of the state of New Jersey's first Land Bank, helped develop and manages a private equity fund that provides capital to African American and LatinX businesses throughout the state of NJ, helps to empower local businesses and entrepreneurs, as well as other economic, redevelopment and community development projects. He also plays an intricate part in designing and operating the systems that supports how Invest Newark provides financing to the various real estate, business and joint venture projects that stimulates Newark's economy, catalyzes development and creates wealth for the citizens of Newark.

Mr. Southerland is a true Social Impact Investment leader in the State of New Jersey. Before Invest Newark, he was with the Greater Newark Local Initiative Support Corporation (LISC) team as a Senior Program Officer for Lending. He was charged with the responsibilities of project financing, development lending intake, loan eligibility/risk analysis, underwriting and loan monitoring for the state of New Jersey. During his tenure he generated over $20 Million in investments and assisted with the portfolio management of over $40 Million of loans. Since 1986, Greater Newark LISC has invested over $120 Million (which has leveraged over $670 Million) into several of New Jersey's most distressed areas, with the mission doing transformative work that creates healthy and sustainable communities. Greater Newark LISC creates impact by listening to local concerns, learning the needs of the community, linking the community to resources and leveraging partnerships and investments.

Prior to joining Greater Newark LISC, Roy spent almost two decades at the New Jersey Redevelopment Authority (NJRA) as a Senior Loan Officer, where he provided financial assistance, financial relationship management and technical assistance to borrowers, private/public sector organizations, local government, urban developers and community-based organizations with the goal of creating meaningful redevelopment projects in New Jersey's 70 urban municipalities. As an integral part of the NJRA's growth and development, he has been involved with community and economic development projects that totaled more than $50 Million, which ultimately leveraged over $2 Billion of urban development projects. He oversaw projects that have built upwards of 2,000 units of housing and close to 500,000 square feet of commercial, civic or educational space.

Mr. Southerland attained a Bachelor of Science in Communications Sciences from Howard University in Washington, DC, a Bachelor of Arts in Economics from Thomas Edison State College in Trenton, NJ and a Master of Arts in Public Strategic Leadership from St. Bonaventure University in St. Bonaventure, NY. He is also certificated in Credit Risk Analysis and Community and Economic Development Financing.

KEVIN COLLINS is Invest Newark's Chief Financial Officer and has more than three decades of experience in corporate and real estate finance and asset management. Prior to joining Invest Newark, Mr. Collins worked for several notable NYC real estate firms, including Cross & Brown, MJ Raynes Real Estate, Property Resources Corp., The Broadstone Group, and, most recently, C & K Properties / Lotus Equity Group in Newark. Mr. Collins' responsibilities in all instances included asset management, business development, and supervision of all accounting, treasury and financial functions. Mr. Collins' experience spans all aspects of the real estate spectrum including commercial office and residential asset and property management, residential and commercial development and value-added rehabilitation, and hospitality management in both the Newark / New York City market as well as several major US and international markets.

During his career, Mr. Collins has overseen the asset management of over 7 million square feet of asset holdings while also maintaining responsibility for all accounting and financial functions. These assets included multi-family residential, commercial office, industrial, and core urban retail properties located primarily in the NY/NJ metropolitan region. Mr. Collins has negotiated leases on more than 2.0M square feet of commercial property and closed acquisition, sale and financing transactions totaling more than $7.0B in his career.

Mr. Collins has served various governmental and community organizations, including 10 years as a board member (2 years as Chairman of the Board) of the Newark Downtown District and a member of WBGO's Community Advisory Board. Mr. Collins currently serves as a member of the board of the Newark Regional Business Partnership and is a long-time supporter of the Newark Museum of Art and the Newark Public Library.

ROGER JOHNSON serves as the Senior Vice President of Real Estate Development for Invest Newark and comes to us with over 16 years' experience as an Architect and Construction Project Manager combined. Roger has managed the development of 505 Clinton Avenue, a $9M, 27-unit mixed use city project; completed the warehouse build-out for the Newark Paper Company, another city initiative and a worker-owned cooperative; helped launch NJ's first Land Bank and managed the rehabs for the three initial properties for the Section 8 Homeownership Conversion Program.

An NJIT graduate with a Bachelor's degree in Architecture, Roger started his professional career at K. Hovnanian (K. Hov), a national homebuilder, as an Architectural Project Manager. At K. Hov, Roger drafted construction plans and managed single-family homes and active adult community developments in New Jersey and Pennsylvania. Roger then transitioned to Parsons in 2008, an Architectural Engineering firm, to work on pharmaceutical laboratory construction projects. That position did not last long due to the housing crisis which triggered mass lay-offs after only 3 months. He was fortunate enough to find an opportunity within a week at MMA Architects. There Roger worked as an Architectural Designer for 3 years. Some of the clients he did design work for were CVS pharmacy, Walmart, Burlington Coat Factory and New York City School Construction Authority.

After his time there, Roger transitioned to SBLM Architects in Manhattan as a Project Manager on the retail team. Some clients included Office Depot, Petco And Whole Foods. Roger travelled around the country to different store locations to conduct field surveys and report back findings to the clients. In 2014, Roger earned his MBA from Keller Graduate School of Management with concentration in Project Management. Shortly after receiving his MBA, Roger transitioned to a private developer in New Jersey, The Silverman Group, as a Project Manager and Coordinator in 2015. There Roger met with potential tenants, discussed their needs and wishes for their new office space and managed the tenant's office build outs. Roger helped priced out construction, negotiate the lease and manage the build out. Projects ranged from $250k - $1.2M. Roger worked on projects along the East Coast from Connecticut down to Florida and as west as Nashville, Tennessee.

MARTHA BAEZ is the Senior Vice President of Land Banking Operations at Invest Newark with over 15 years of Municipal Land management experience. In this role, Martha is responsible for day-to-day operations of the Newark Land Bank, the first land bank created in the State of New Jersey. Martha's responsibilities include acquiring, holding, and marketing properties for the Newark Land Bank and acting as the liaison with the Community Advisory Board.

Prior to joining Invest Newark, Martha served for 16 years in the City of Newark's Department of Economic and Housing Development. She worked in the Division of Property Management where she was responsible for all aspects of the acquisition, disposition and/or management of city owned and/or leased properties.

Martha earned her master's degree in public administration (MPA) from Rutgers University-Newark with Honors (Pi Alpha Alpha) and has a Bachelor of Arts degree in Economics from The City College of New York. She is a current member of Leadership Newark, a network of emerging and established leaders with the drive, knowledge, skills, and connections to improve Newark's future.

Pipeline (Newark Land Bank)

In 2019, the Newark Land Bank was lawfully formed after the State of New Jersey enacted the New Jersey Land Bank Law (NJLBL) in which was a direct response to findings that highlighted the correlation between the continued presence and proliferation of vacant, abandon and blighted properties throughout a community has a negative effect on the public health, public welfare, economic disinvestment, property valuation and the overall community benefit of New Jersey's urban municipalities. As such, NJNBL allows municipalities like Newark to designate quasigovernment entities, like Invest Newark, to act on their behalf to acquire, maintain, convey, lease, and otherwise dispose of vacant, abandoned, blighted and problem properties to ensure the best reuse of said properties for the physical, social and/or economic long-term benefit of a city's condition.

The powers of the Newark Land Bank are constitutional and statutorily governed by the NJLBL, which may fall outside of the approvals of the City and/or its governing bodies. Therefore, Invest Newark exercises the Newark Land Bank powers, duties, functions and responsibilities under the guidance of the NJLBL, which includes, but not limited to, the following:

- Purchase, acquire or accept real property from the City, other governmental organizations and/or third parties;
- Hold real property, exempt from real estate taxes, for land bank activities;
- Sell real property, either individually or in a group, to any entity;
- Sue, be sued or exercise statutory authority to take removal action, lien property, foreclose on liens, initiate title to and/or petition court proceedings for abandonment on real property;
- Raise capital, borrow money or issue notes via the Newark Land Bank and secure debt by mortgaging Land Bank property;
- Enter into contracts, procure insurance, study, report, maintain, demolish, manage, improve, collect rent from or employ firms or consultants for the progress of Newark Land Bank activities.

Therefore, with all the powers therein, the Newark Land Bank will have a constant stock of properties for this Project. Currently we have allotted 20 properties from our first tranche of properties (85 overall) for the program and intend to earmark 20-35 additional properties in 2023 form our second tranche of properties, which were approved by City Council in January 2023 and have been transferred over to the NLB.

The pipeline for this project is mission and metrics driven. Through our partnerships, and the overall need to increase Newark's homeownership rate, strengthen Newark's tax base, create generational wealth and eliminate blight citywide; we believe that there is enough supply to meet the demand. To date, there are over 4,000 vacant and/or abandoned properties citywide and our goal is to have, at minimum, 50% of those properties be disposed of by the NLB over the next 10 years.

Appendix:

Invest Newark 2021 Financials

https://d.docs.live.net/af4d89e0c38efffb/Desktop/Invest%20Newark%202021%20Audited%20Financials.pdf