

RESOLUTION #2018-29
RESOLUTION AUTHORIZING AND APPROVING AN OPTION TO
LEASE BY AND BETWEEN THE HOUSING AUTHORITY OF THE
BOROUGH OF HIGHLAND PARK AND KRONMAN AFFORDABLE
HOUSING LP

ADOPTED: May 24, 2018

WHEREAS, the Housing Authority of the Borough of Highland Park (the "Authority") is a public body corporate and politic of the State of New Jersey (the "State"), constituting an agency and instrumentality of and created by the Borough of Highland Park (the "Borough"), with an address of 242 South Sixth Avenue in the Borough, in the County of Middlesex, within the State, pursuant to the provisions of the Housing Authorities Law, Chapter 67 of the Pamphlet Laws of 1950, codified at N.J.S.A. 55:14A-1 *et seq.*, repealed and replaced by the Local Redevelopment and Housing Law, under Chapter 79 of the Pamphlet Laws of 1992, as amended and supplemented, and codified at N.J.S.A. 40A:12A-1 *et seq.* (the "Act"); and

WHEREAS, a certain Option to Lease ("Option") was given by the Authority ("Landlord") to Kronman Affordable Housing LP ("Tenant"), a New Jersey limited partnership, with a business address of 242 South Sixth Avenue in the Borough, in the County of Middlesex, within the State, on or about October 13, 2016, in connection with the Tenant's rehabilitation of 100 senior/disabled rental units (to be known as the Samuel Kronman Rehabilitation Project) and for the purpose of demonstrating site control over the parcels that comprise the project; and

WHEREAS, the term of said Option commenced on or about October 13, 2016, and expired on December 31, 2017, in accordance with the terms and conditions of the Option; and

WHEREAS, as a result of the Option expiring, the Landlord and Tenant (collectively, the "Parties") now desire to enter into a new form of Option to Lease ("New Option"), and the Parties further desire to approve the terms and conditions of the New Option, in substantially the form attached hereto as Exhibit A; and

NOW THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Housing Authority of the Borough of Highland Park, not less than a majority of the members thereof affirmatively concurring, as follows:

1. The Authority hereby approves the terms of the New Option, in substantially the form attached hereto as Exhibit A, with such revisions as approved by Counsel, and authorizes the execution and delivery of such New Option by the Chairman, Executive Director and Secretary of the Authority, as applicable.
2. This Resolution shall take effect immediately.

Motion to adopt Resolution No. 2018-29 moved by Commissioner Rainwater and seconded by Commissioner Sedehi and upon roll call the vote was as follows:

ROLL CALL: Chudnick Martinez Methven Monk Rainwater Reh Sedehi

AYES: Chudnick Methven Monk Rainwater Reh Sedehi

NAYS: None

Abstain: None

Absent: Martinez

I hereby certify that the above Resolution is a true and exact copy of the Resolution adopted by the Board of Commissioners of the Housing Authority of the Borough of Highland Park at their meeting of May 24, 2018.

Donna Brightman, Secretary

Exhibit A
(New Option)

OPTION TO LEASE

This Option to Lease (the "Option") is given on May 24, 2018, by the HOUSING AUTHORITY OF THE BOROUGH OF HIGHLAND PARK, a public body corporate and politic established under the laws of the State of New Jersey, with an address of 242 South Sixth Avenue, Highland Park, New Jersey 08904 ("**Landlord**"), to KRONMAN AFFORDABLE HOUSING LP, a New Jersey limited partnership, with a business address of 242 South Sixth Avenue, Highland Park, New Jersey 08904 ("**Tenant**"). Landlord and Tenant are each referred to herein as a "**Party**" and collectively as the "**Parties**".

WHEREAS, in order for Tenant to finance a portion of the substantial rehabilitation of 100 senior/disabled rental units and related improvements to be known as Samuel Kronman Rehabilitation Project (the "**Project**"), Tenant has applied to the New Jersey Housing and Mortgage Finance Agency (the "**NJHMFA**") for funding pursuant to its Multifamily Rental Housing Production Program and Low Income Housing Tax Credit Program (the "Program");

WHEREAS, the Program requirements include a requirement that Tenant demonstrate site control over the parcels that comprise the Project;

WHEREAS, in order to meet the Program requirements, Landlord wishes to grant Tenant an option to lease the land on which the Project will be substantially rehabilitated (as more particularly described in **Exhibit A** hereto, the "**Property**") under a ground lease for a term of up to ninety nine (99) years ("**Ground Lease**") and Tenant wishes to accept the option.

NOW, THEREFORE, in consideration of the premises contained in this Option, the parties agree as follows:

1. Grant of Option. Landlord in consideration of \$1.00, which shall be nonrefundable, paid by Tenant to Landlord, receipt of which is hereby acknowledged, grants to Tenant the exclusive right and option to lease, on the following terms and conditions, the Property pursuant to the Ground Lease.

2. Option Period. The term of this Option shall commence on the date first written above and continue until December 31, 2018 (the "**Expiration Date**"). The Parties may mutually agree, in writing, to extend the term of this Option for an additional one (1) year period for no additional consideration. If the term is so extended, the Parties shall, at that time, agree to the new Expiration Date.

3. Property Ground Lease. This Option shall not be recorded in public records; however, the Ground Lease or a memorandum thereof is expected to be recorded or memorialized in the appropriate office of public records. All costs of transfer and such recordation will be borne by the Tenant. The Ground Lease shall be for a period of up to ninety nine (99) years. The consideration for the Ground Lease shall be \$1.00 per year and the fee for the sale of the Project improvements shall be the appraised value, currently estimated at \$4,300,000.

4. Exercise of Option. Tenant may exercise this Option by giving Landlord advanced written notice, signed by Tenant, on or before the Expiration Date.

5. Proof of Title. Landlord will, at Tenant's expense, furnish Tenant with a title insurance policy, written by a title insurer acceptable to Tenant, insuring the title to the Property to be free and clear of all defects except as agreed upon by the Parties.

6. Failure to Exercise Option. If Tenant does not exercise this Option in accordance with its terms and before the Expiration Date, this Option and the rights of Tenant will automatically and immediately terminate without notice. In the event Tenant fails to exercise this Option, Landlord will retain the sum paid as consideration for this Option.

7. Notices. All notices provided for in this Option will be deemed to have been duly given if and when deposited in the United States mail with proper and sufficient postage affixed, properly addressed to the Party for whom intended at the Party's address listed above, or when delivered personally to such Party.

8. Binding Effect. This Option will be binding upon and inure only to the benefit of the Parties to it. The Tenant shall have the right to assign this agreement to an affiliate as an entity controlled by the Tenant.

IN WITNESS WHEREOF, LANDLORD AND TENANT HAVE EXECUTED THIS OPTION ON THE DATE FIRST WRITTEN ABOVE.

HOUSING AUTHORITY OF THE BOROUGH OF HIGHLAND PARK

By: _____
Donna Brightman
Executive Director

KRONMAN AFFORDABLE HOUSING LP
BY HIGHLAND PARK — KRONMAN GP INC.
ITS GENERAL PARTNER

By: _____
Donna Brightman
Manager