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New Tools for Redevelopment and Rehabilitation

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Redevelopment

- A process to rebuild or restore an area in a measurable state of **decline, disinvestment, or abandonment**. Redevelopment may be publicly or privately initiated, but is commonly recognized as the process governed by the **Local Redevelopment and Housing Law** and undertaken in accordance with a **redevelopment plan** adopted by the municipality. If used correctly, it can transform a distressed area into an economically viable and productive part of the community.
- *The Redevelopment Handbook: A Guide to Rebuilding New Jersey's Communities, 2nd Edition, February 2012*

2013 LRHL Amendments (P.L. 2013, c. 159)

- **Creates an option to designate redevelopment areas either with or without condemnation powers;**
- **Codifies the recent case law, which limits eminent domain and clarifies that notice requirements when designating an area in need of redevelopment;**
- **Provides a mechanism to achieve finality against late challenges to a redevelopment designation when condemnation is allowed; and**
- **Allows additional options for designating an area in need of rehabilitation.**

Choosing the right approach...

PROBLEM/ OBJECTIVE	SOLUTION				
	Zoning Changes	SIDs & BIDs	Rehabilitation Areas	Redevelopment Areas (Non-condemnation)	Redevelopment Areas (Condemnation)
Eminent Domain					✘
Form Based and/or Sustainable Design	✘		✘	✘	✘
30 Year PILOTs				✘	✘
Redevelopment Plans			✘	✘	✘
Redevelopment Agreements			✘	✘	✘
Property Transfers w/o Bid			✘	✘	✘
Land Use Controls	✘		✘	✘	✘
Project Funding		✘	✘	✘	✘
RAB/ERG Financing				✘	✘
5-Year Tax Abatements			✘	✘	✘

Redevelop...

The Redevelopment Criteria...

- A.** Substandard Building Conditions
- B.** Abandonment of Commercial and Industrial Buildings
- C.** Public Land and Privately Owned Vacant Land
- D.** Deleterious Land Use, Faulty Design, Obsolete Layout with Detrimental Impact
- E.** A growing lack or total lack of proper utilization of areas caused by the condition of title, diverse ownership of the real properties therein or other similar conditions **[Amended 2013]**
- F.** Natural Disasters (5+ Acres)
- G.** Urban Enterprise Zone (tax exemptions only)
- H.** Consistency with Smart Growth Policies per Law or Regulation

Redevelop...

The new 'e' criterion...

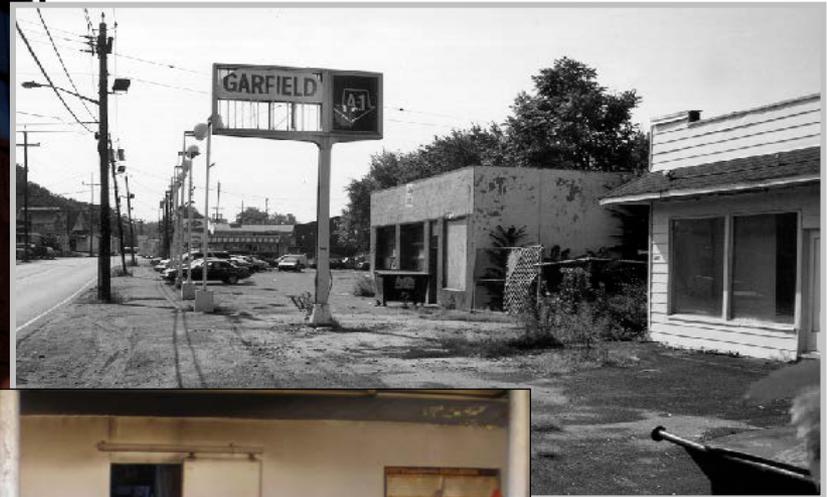
“A growing lack or total lack of proper utilization of areas caused by the condition of title, diverse ownership of the real **properties** therein or **other similar conditions** which **impede land assemblage** or **discourage** the undertaking of improvements, resulting in a **stagnant** and **unproductive** condition of land potentially useful and valuable for contributing to and serving the public health, safety and welfare, **which condition is presumed to be having a negative social or economic impact or otherwise being detrimental to the safety, health, morals, or welfare of the surrounding area or the community in general.**”

Redevelop...

Examples of Redevelopment Areas...



A



B



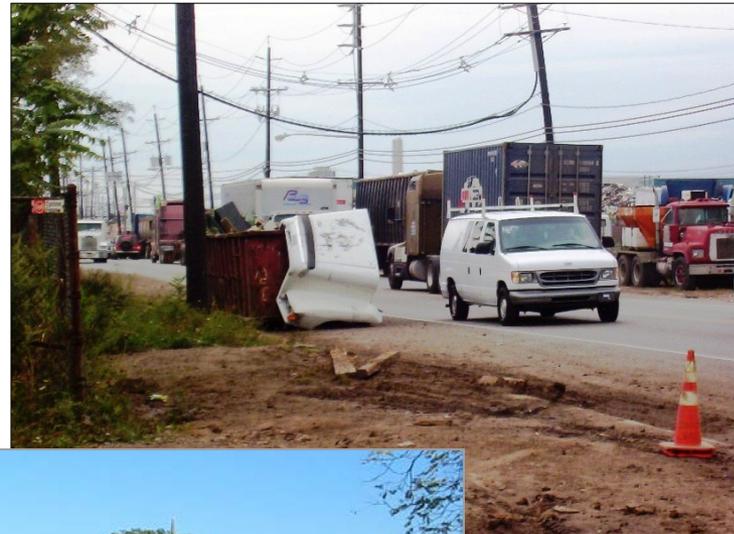
A

Redevelop...

Examples of Redevelopment Areas...



D



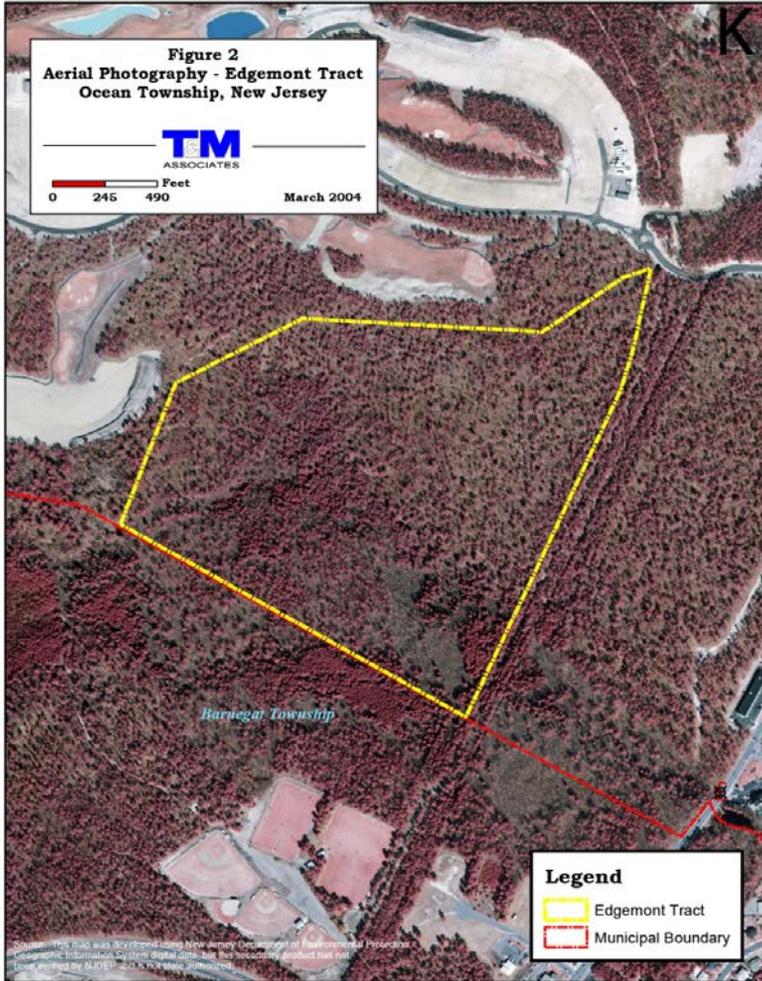
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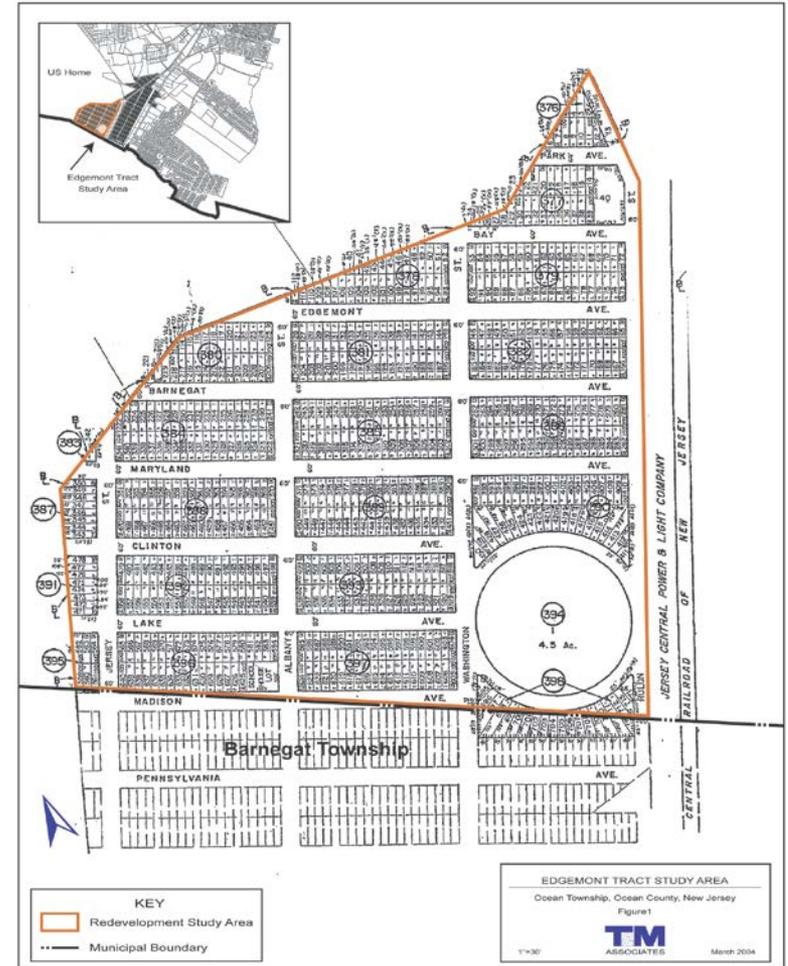
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Redevelop...

Examples of Redevelopment Areas...



C



E

Redevelop...

Examples of Redevelopment Areas...



F

Redevelop...

Examples of Redevelopment Areas...



Rural Areas

Scattered Sites

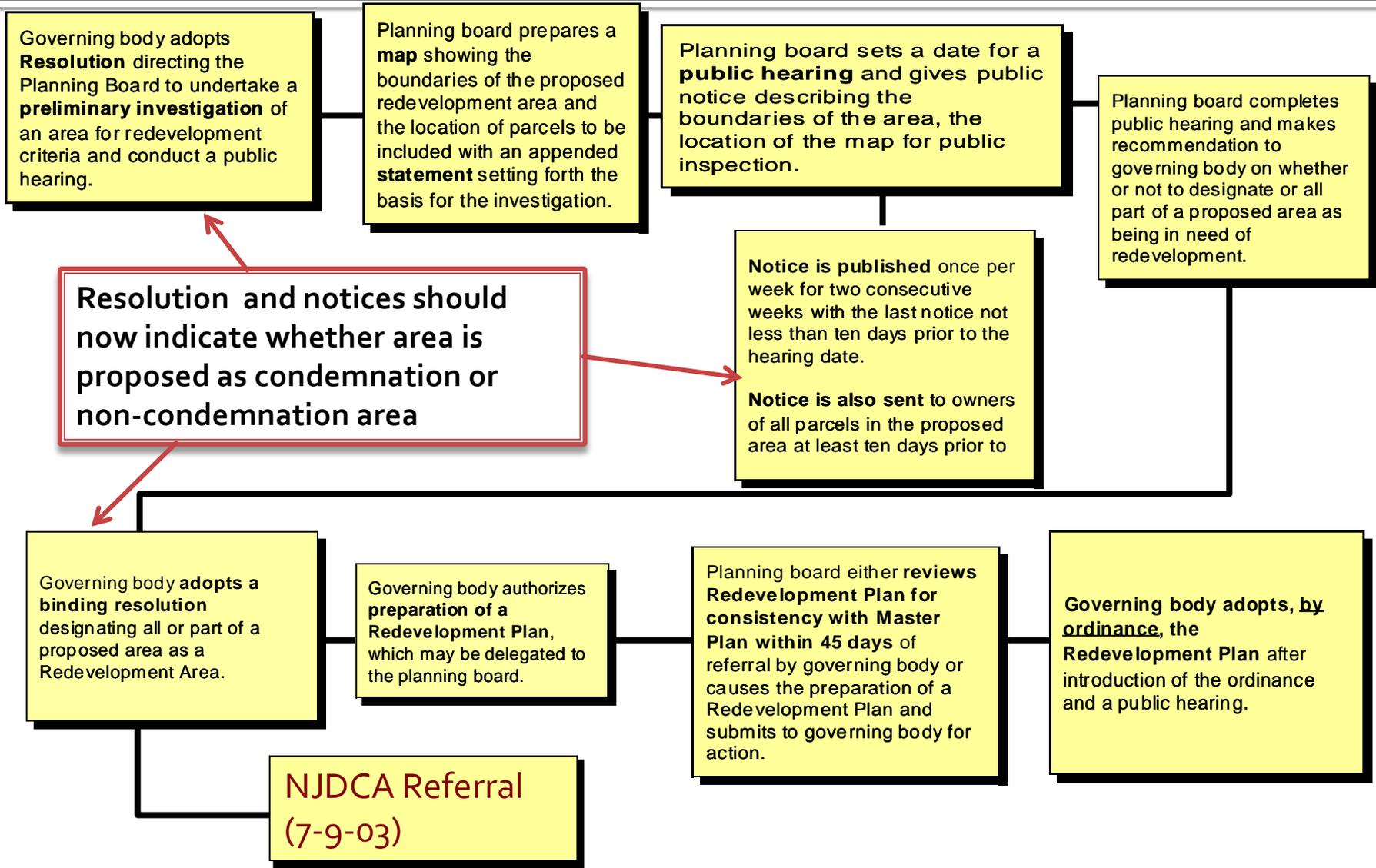


Section 3 Properties

- Section 3 (Definitions) of the LRHL
- A redevelopment area “may include land, buildings, or improvements” which are not in need of redevelopment but are needed for the effective redevelopment of an area
- Example would be a property needed for access to a redevelopment area or “hole in donut”
- No limit on the number of properties but need to use common sense or it may raise the concern of the court in a challenge to the designation:
 - Majority of the properties or area are identified as Section 3
 - “Tail wagging the dog”
- Need detailed evidence and specific reasons

Redevelop...

The Process



New Notice Requirements

- Based on *Harrison Redevelopment Agency v. DeRose*
- Time frames specified in law have not changed
- The resolution authorizing the planning board to undertake a preliminary investigation shall state whether the redevelopment area is to be a condemnation or non-condemnation area
- Notice to property owners must state whether it is non-condemnation or condemnation area
- If a condemnation area is proposed the notice must state that eminent domain is authorized if the area is designated in need of redevelopment

New Notice Requirements

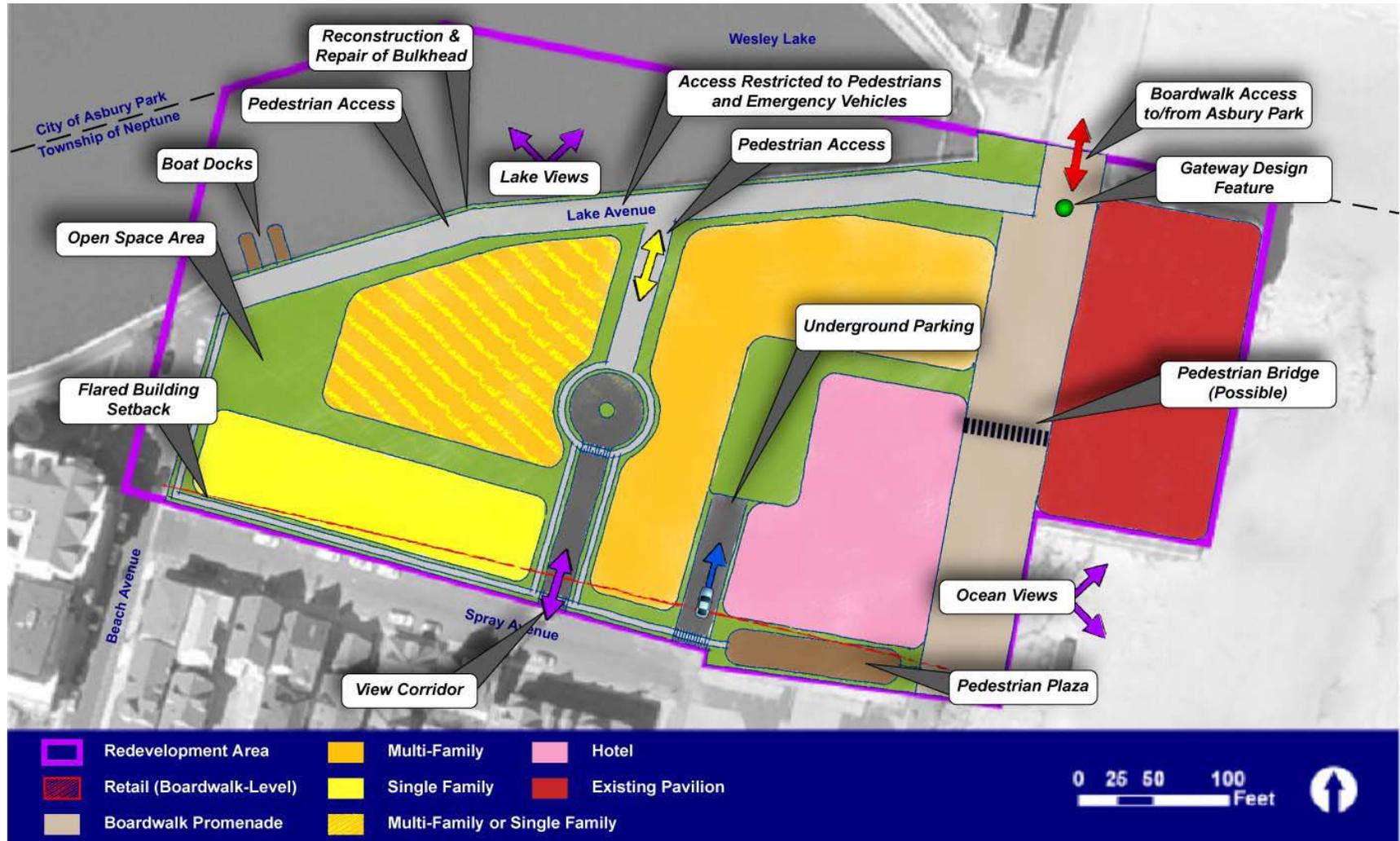
- Notice also required within 10 days after the adoption of resolution by the governing body
 - To all property owners in the redevelopment area (based on tax assessment records)
 - To anyone who filed written objections
- If the designation is a condemnation area the notice must state:
 - The designation authorizes the municipality to exercise the power of eminent domain
 - Legal challenges to the determination must be filed within 45 days of the receipt of notice
 - Failure to do so prevents an owner from challenging the designation later.

Redevelop... Fanwood Downtown Redevelopment Fanwood, NJ



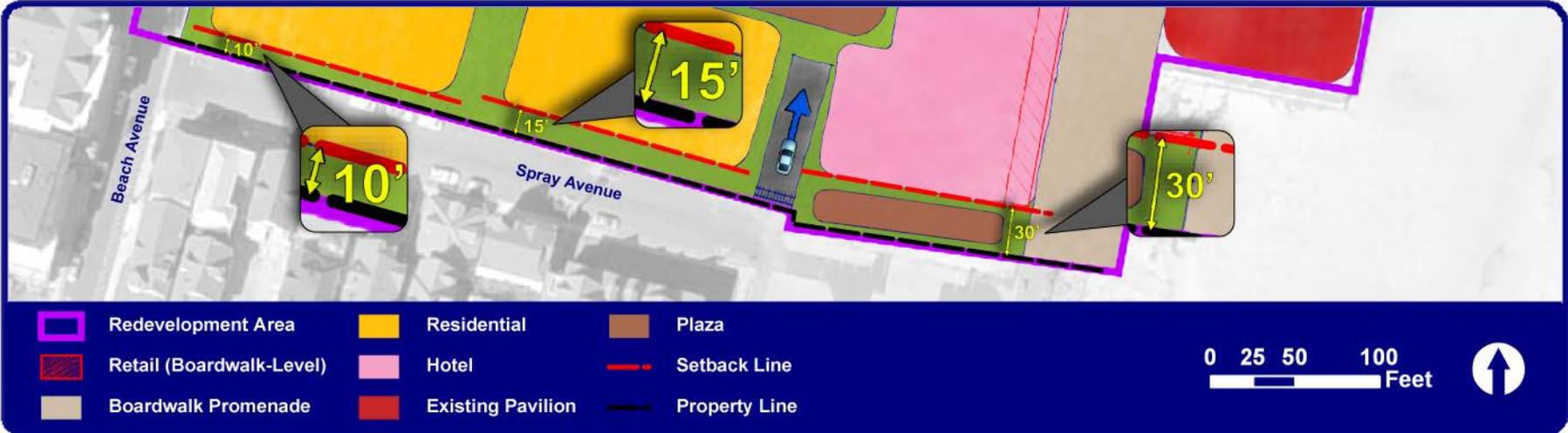
Redevelop...

North End Redevelopment Plan Ocean Grove, Neptune Township, NJ



Redevelop...

North End Redevelopment Plan Ocean Grove, Neptune Township, NJ



Rehabilitate...

- A delineated area may be determined to be **in need of rehabilitation** if:
 - (1) a significant portion of structures therein are in a deteriorated or substandard condition;
 - (2) more than half of the housing stock in the delineated area is at least 50 years old;
 - (3) there is a pattern of vacancy, abandonment or underutilization of properties in the area;
 - (4) there is a persistent arrearage of property tax payments on properties in the area;
 - (5) environmental contamination is discouraging improvements and investment in properties in the area; or
 - (6) a majority of the water and sewer infrastructure in the delineated area is at least 50 years old and is in need of repair or substantial maintenance.

The Rehabilitation Area Process...



- *All powers of Redevelopment except condemnation and long-term tax exemptions (PILOTs)*
- *Powers granted upon adoption of a Redevelopment Plan*
- *Entire Municipality May be Designated in need of rehabilitation*

Five-Year Tax Abatement and Exemptions

- The governing body of a municipality may determine to utilize the authority granted under Article VIII, Section I, paragraph 6 of the New Jersey Constitution, and adopt an ordinance setting forth the eligibility or noneligibility of dwellings, multiple dwellings, or commercial and industrial structures, or all of these, for exemptions or abatements, or both, from taxation in areas in need of rehabilitation.
- Adopted by ordinance
- Home improvements
- Commercial improvements
- Conversion of commercial and industrial buildings to multi-family dwellings
- Can be provided in rehabilitation areas, redevelopment areas and in Urban Enterprise Zones (UEZ)

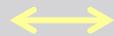
Rehabilitate...

Manitou Park Redevelopment Plan
Berkeley Township, NJ



Manitou Park Sidewalk Plan

GREEN ACRES –



HOMES FOR ALL



FUTURE EXTENSIONS



Rehabilitate...

Cranford Redevelopment Plan Cranford, NJ

Figure 1: South Avenue Rehabilitation Area
Township of Cranford
Union County, New Jersey



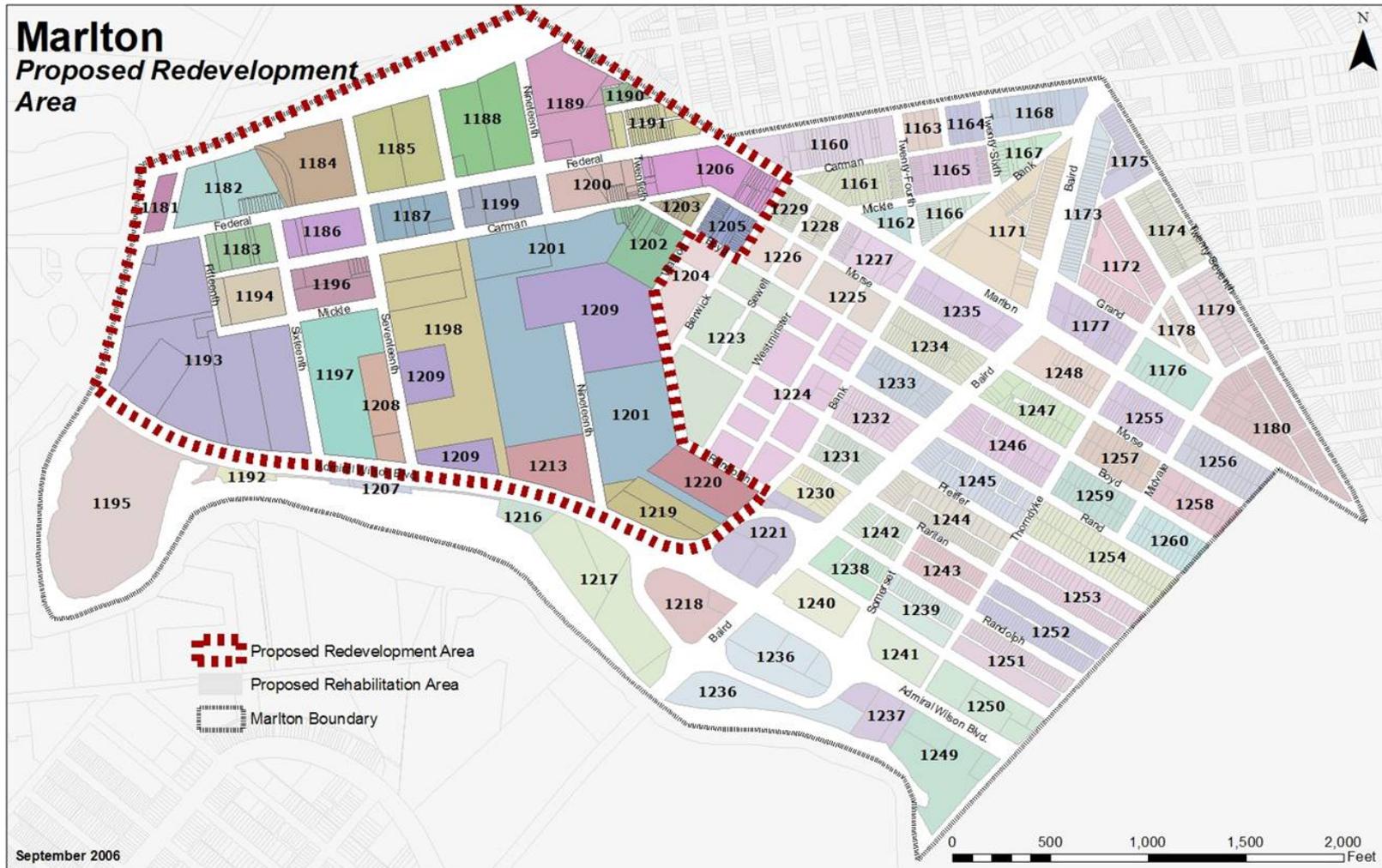
Rehabilitate...

Cranford Redevelopment Plan Cranford, NJ



Rehabilitate...

Combining Strategies Marlton, NJ



Redevelopment Plan

- ◆ **Governs development within a Redevelopment Area**
- ◆ **States goals and objectives for the redevelopment or rehabilitation area and relates them to comprehensive planning goals and objectives of the community**
- ◆ **Specifies land uses and building requirements within the redevelopment area**
- ◆ **Can supersede zoning or act as an overlay zone**
- ◆ **Identifies properties to be acquired if applicable**
- ◆ **Adopted by the Governing Body by ordinance**
- ◆ **Can significantly control the design of development within the redevelopment area**

Section 8 - Redevelopment Agreements

- ◆ **Contract between the redevelopment entity and designated redeveloper**
- ◆ **Negotiations regarding its provisions is a critical step to ensure that the community gets what**
- ◆ **Requires that project be constructed in accordance with the redevelopment plan**
- ◆ **Time frames for performance and schedule for construction of improvements**
- ◆ **Procedures for resolving disputes**
- ◆ **Project completion**
- ◆ **Must be fair to both parties**

Key Points...

- Determine objectives to be achieved
- Look at alternatives to redevelopment
- Understand implications of current case law and its affect on existing and proposed designations
- Rehabilitation and Redevelopment appropriate where the area meets the criteria and you need to use powers or authority that is only granted in either a rehabilitation or redevelopment area
- If choosing redevelopment determine if property a condemnation or non-condemnation designation is appropriate and follow appropriate notice requirements
- View the choice of zoning, rehabilitation, or redevelopment holistically—as part of a comprehensive strategy to promote community land use planning objectives and revitalization strategies