



Redevelopment Law Amendments Enacted in New Jersey

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Governor Chris Christie signed into law this week A-3615, which makes several important changes to the Local Redevelopment and Housing Law (the “Redevelopment Law”). These changes will impact developers, municipalities and property owners. The legislation gives municipalities the option to specify when designating an area in need of redevelopment that they will not exercise their power of eminent domain to acquire property in the Redevelopment Area. All other provisions of the Redevelopment Law for designated areas in need of redevelopment, including the ability to grant 30 year tax abatements, would apply to both types of redevelopment areas.

The amended Redevelopment Law requires the governing body’s resolution authorizing the Planning Board to investigate whether an area qualifies as an area in need of redevelopment to state whether the redevelopment area designation will authorize the municipality to use eminent domain. Under the legislation, areas in need of redevelopment in which the municipality is authorized to use eminent domain are called “Condemnation Redevelopment Areas.” Areas in need of redevelopment in which the municipality may not use eminent domain are called “Non-Condemnation Redevelopment Areas.” When the planning board issues a notice of a public hearing regarding the redevelopment area designation, it must specify whether a redevelopment area determination will authorize the municipality to exercise eminent domain.

Under the amended law, in addition to giving notice to those persons who filed a written objection to the proposed designation, as was required, the bill now requires that notice of the adoption of a resolution designating an area as a redevelopment area must be provided within 10 days to all record owners of property located within the delineated area and those whose names are on the tax assessor’s records. If the municipal governing body’s resolution states that the municipality may use eminent domain, then the notice of the determination must indicate that it authorizes the municipality to exercise the power of eminent domain to acquire property in the redevelopment area, and that legal action to challenge the determination must be commenced within 45 days of receipt of notice of the redevelopment area designation, unless the municipality and the property owner agree otherwise. These changes to the notice requirements reflect the decision in *Harrison Redevelopment Agency v. DeRose*, 398 N.J. Super. 361 (App. Div. 2008).

The legislation does not apply to previously designated areas in need of redevelopment or those designated within 90 days of September 9, 2013.

Pursuant to the holding of the New Jersey Supreme Court in *Gallenthin Realty Development, Inc. v. Borough of Paulsboro*, 191 N.J. 344 (2007), the legislation amends the criteria contained in N.J.S.A. 40A:12A5e to provide that an area in need of redevelopment can be determined to exist if a lack of proper utilization of an area caused by other title problems, diverse ownership, or other similar



conditions that impede land assemblage or discourage the undertaking of improvements results in a stagnant and unproductive condition of land.

The legislation modifies the conditions necessary to classify an area in need of rehabilitation. Under the new law, an area may be determined to be in need of rehabilitation if the governing body of the municipality determines by resolution that rehabilitation may be expected to prevent further deterioration and promote the overall development of the community; and that there exist in that area any of the following conditions: (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. As is the case now, a finding of an area in need of rehabilitation may extend to the entire area of a municipality.

For the full text of the legislation, click [here](#).

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