

New Municipal Redevelopment Law Signed into Law in New Jersey

by Patrick McNamara on September 20, 2013

Gov. Chris Christie has signed legislation that will change the rules for New Jersey redevelopment projects. The new law limits municipalities' use of eminent domain under the Local Redevelopment and Housing Law (LRHL), while also providing new alternatives.

The approved measure, A-3615, amends one of the statutory criteria to resolve the flaws articulated in *Gallenthin v. Paulsboro*, 191 N.J. 344 (2007). The case established that a finding of "deterioration or stagnation that has a decadent effect on surrounding property" must exist in order for an area to be determined in need of redevelopment. It further clarified that the use of eminent domain cannot be justified to acquire property solely upon the basis that it is underutilized, unless the property otherwise meets the criteria for designation under the LRHL.

The new law also contains enhanced notice requirements to address the issues raised in *Harrison Redevelopment Agency v. DeRose*, 398 NJ Super 361 (App. Div. 2008). Municipalities will now be required to decide at the outset of the investigation whether or not to use eminent domain to facilitate a redevelopment plan and provide specific notice to impacted property owners of such designation. Unless a municipality notifies owners of property located in a proposed redevelopment area that the designation will allow the municipality to take property located in the area by eminent domain, the municipality will not be authorized to condemn property.

The law also creates alternatives to using eminent domain. It authorizes municipalities that intend to implement redevelopment initiatives, without using eminent domain, to take advantage of the other tools available under the LRHL.

In addition, the new law expands the criteria that can be used to designate an area as being "in need of rehabilitation." It now can include areas where more than half of the housing stock is at least 50 years old, or that environmental contamination is discouraging improvements or investments in properties in the area.

If you have any questions about the new law or would like to discuss the legal issues involved, please contact me, Patrick McNamara, or the Scarinci Hollenbeck attorney with whom you work.