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New Jersey Expands Eligibility Criteria for Designating Certain Properties as Areas in Need of Redevelopment

Steven G. Mlenak

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On August 9, 2019, Governor Murphy signed into law a bill expanding the eligibility of properties containing vacant or distressed shopping malls, shopping plazas, or professional office parks to be designated as areas in need of redevelopment.

Bill A1700 amends Section 5 of the Local Redevelopment and Housing Law, which enumerates eight different criteria, of which at least one must be met in order for property to be designated as an area in need of redevelopment. The new law amends one of these criteria – “criteria (b)” – to now read:

The discontinuance of the use of a building or buildings previously used for commercial, retail, shopping malls or plazas, office parks, manufacturing, or industrial purposes; the abandonment of such building or buildings; significant vacancies of such building or buildings for at least two consecutive years; or the same being allowed to fall into so great a state of disrepair as to be untenable. While shopping malls, plazas and office parks were once valuable and desirable land uses, the growth of e-commerce and telecommuting has greatly disrupted the viability, value and long-term need for such assets. As a result, many shopping malls, plazas and office parks sit underutilized, vacant and distressed throughout New Jersey. Although many of these “stranded assets” qualified as areas in need of redevelopment under other criteria of the Local Redevelopment and Housing Law prior to the adoption of A1700, the law now expressly recognizes the value of designating these properties as areas in need of redevelopment in the absence of other qualifying conditions.

The designation of a property as an area in need of redevelopment authorizes the municipality and redeveloper to contract in a public-private partnership to effectuate the redevelopment and revitalization of the

Attorneys

Steven G. Mlenak

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property through flexible zoning and, where appropriate, through financial incentive programs such as a long-term tax exemption (PILOT agreement).

The author of this Alert, **Steven G. Mlenak**, concentrates his practice in the areas of redevelopment, land use, zoning, and real estate development. Please contact him with questions or to request additional information.