

Areas in Need of Rehabilitation

Exploring the Potential and Limitations

New Jersey Future Redevelopment Forum
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New Brunswick

Areas In Need of Rehabilitation

- Introductions and Overview
- Opportunities and Constraints of the Law
 - Anne Babineau
- Redevelopment Plans for Rehabilitation Areas
 - Dave Roberts
- Practical Applications – Woodbridge & Bloomfield
 - Marta Lefsky
 - Ray McCarthy
- Summary, Q&A
 - Phil Morin

Rehabilitation Area May be Best Way to Proceed

- As the brochure for this session says:
- “...successful redevelopment of an area does not always have to involve the acquisition, clearance and assemblage of multiple properties for new buildings and uses”

Legal Provisions that provide Tools

- Rehab Area - what qualifies?
- Rehab Area – how is one designated?
- Local Redevelopment & Housing Law - Tools
- Short Term Tax Exemption
- UEZ

Rehabilitation Area - Definition

- “A delineated area may be determined to be in need of rehabilitation if the governing body of the municipality determines by resolution that there exist in that area conditions such that:
 - (1) a significant portion of structures therein are in a deteriorated or substandard condition and there is a continuing pattern of vacancy, abandonment or underutilization of properties in the area, with a persistent arrearage of property tax payments thereon or
 - (2) more than half of the housing stock in the delineated area is at least 50 years old, or 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; and
 - (3) a program of rehabilitation, as defined in section 3 of P.L.1992, c. 79 (C.40A:12A-3), may be expected to prevent further deterioration and promote the overall development of the community.”

Rehabilitation Area

How is one designated?

- Governing body shall submit proposed Resolution to the municipal planning board for its review.
- Within 45 days of its receipt of the proposed resolution, the municipal planning board shall submit its recommendations regarding the proposed resolution, including any modifications which it may recommend, to the governing body for its consideration.
- Thereafter, or after the expiration of the 45 days if the municipal planning board does not submit recommendations, the governing body may adopt the resolution, with or without modification.

Municipality can indicate *its* objectives in a Redevelopment Plan for a Rehab Area

- “The redevelopment plan shall include an outline for the planning, development, redevelopment, or rehabilitation of the project area sufficient to indicate:
- (1) Its relationship to definite local objectives as to appropriate land uses, density of population, and improved traffic and public transportation, public utilities, recreational and community facilities and other public improvements....”

LRHL Tools pursuant to Redevelopment Plan

- In accordance with the provisions of a redevelopment plan...,
- a municipality or redevelopment entity may proceed with clearance, replanning, conservation, development, redevelopment and rehabilitation of an area in need of rehabilitation.
- With respect to a redevelopment project in an area in need of rehabilitation, the municipality or redevelopment entity, upon the adoption of a redevelopment plan for the area, may perform any of the actions set forth in section 8 of LRHL, except ...[condemnation]

LRHL – Section 8

- Upon the adoption of a redevelopment plan pursuant to section 7 of P.L.1992, c. 79 (C.40A:12A-7), the municipality or redevelopment entity designated by the governing body may proceed with the clearance, replanning, development and redevelopment of the area designated in that plan. In order to carry out and effectuate the purposes of this act and the terms of the redevelopment plan, the municipality or designated redevelopment entity may:.....

Section 8 - Redevelopment Agreements

- “Arrange or contract with public agencies or redevelopers for the planning, replanning, construction, or undertaking of any project or redevelopment work, or any part thereof; “

Section 8 - Loans to redevelopers

- “...as part of any such arrangement or contract, provide for extension of credit, or making of loans, to redevelopers to finance any project or redevelopment work...”

Section 8 - Grants to redevelopers

- “...or upon a finding that the project or redevelopment work would not be undertaken but for the provision of financial assistance, or would not be undertaken in its intended scope without the provision of financial assistance, provide as part of an arrangement or contract for capital grants to redevelopers;...”

Section 8 - Transfer Property without bidding

- “...g. Lease or convey property or improvements to any other party pursuant to this section, without public bidding and at such prices and upon such terms as it deems reasonable, provided that the lease or conveyance is made in conjunction with a redevelopment plan, notwithstanding the provisions of any law, rule, or regulation to the contrary.”

Section 8 - Encourage Improvements to Area

- “...j. Make, consistent with the redevelopment plan:
- (1) plans for carrying out a program of voluntary repair and rehabilitation of buildings and improvements; and
- (2) plans for the enforcement of laws, codes, and regulations relating to the use and occupancy of buildings and improvements, and to the compulsory repair, rehabilitation, demolition, or removal of buildings and improvements.”

Section 8 - Market the opportunities available in the Area

- “...m. Publish and disseminate information concerning any redevelopment area, plan or project.”

Also Power to Grant Short Term Tax Abatement and Exemption

- 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.

But No Power to Acquire Property by Condemnation

- “With respect to a redevelopment project in an area in need of rehabilitation, the municipality or redevelopment entity, upon the adoption of a redevelopment plan for the area, may perform any of the actions set forth in section 8 ..., except that with respect to such a project the municipality shall not have the power to take or acquire private property by condemnation in furtherance of a redevelopment plan, unless: a. the area is within an area determined to be in need of redevelopment pursuant to this act; or b. exercise of that power is authorized under any other law of this State.”

And No Power to Grant A Long Term Tax Exemption (LTTE)

- “The rehabilitation or improvements made in the development or redevelopment of a redevelopment area or area appurtenant thereto or for a redevelopment relocation housing project, pursuant to P.L.1991, c. 431 (C.40A:20-1 et seq.), shall be exempt from taxation for a limited period as hereinafter provided.”

Except: LTTE is authorized in UEZ Area (UEZ = ANR for this purpose)

- “g. In any municipality in which an enterprise zone has been designated pursuant to the "New Jersey Urban Enterprise Zones Act," ...
- the execution of the actions prescribed in that act for the adoption by the municipality and approval by the New Jersey Urban Enterprise Zone Authority of the zone development plan for the area of the enterprise zone shall be considered sufficient for the determination that the area is in need of redevelopment pursuant to sections 5 and 6 of LRHL for the purpose of granting tax exemptions within the enterprise zone district pursuant to the provisions of [the LTTE]....

Redevelopment Plan for the Rehab Area to use other powers

- “The municipality shall not utilize any other redevelopment powers within the urban enterprise zone unless the municipal governing body and planning board have also taken the actions and fulfilled the requirements prescribed ... for determining that
 - the area is in need of redevelopment or an area in need of rehabilitation and
 - the municipal governing body has adopted a redevelopment plan ordinance including the area of the enterprise zone.”

Redevelopment Area Bond Financing

- Requires Redevelopment Area
- a. A municipality that has designated a redevelopment area or a municipality in which a redevelopment project is undertaken by a State entity redeveloper pursuant to a State entity redevelopment agreement may provide for tax abatement within that redevelopment area and for payments in lieu of taxes
- “Special assessment” means an assessment upon the lands or improvements on such lands, or both, in the redevelopment area

Economic Growth Grants (Local) may pledge certain taxes or PILOTs in Rehab Area

Provides authority to pledge:

- incremental payments in lieu of taxes, with respect to property located in the district, made pursuant to the "Five-Year Exemption and Abatement Law"
- "the property tax increment"
- [But see: Proposed *N.J.A.C.* 19:31.41 – "...local grants of property tax increments are limited only to those areas of redevelopment of blighted areas by limited divided corporations or those properties with five year exemptions or abatements in areas in need of rehabilitation."]