Local Redevelopment and Housing Law Presentation

Bernards Township

Somerset County | New Jersey

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Redevelopment Presentation

What is Redevelopment?

What is Local Redevelopment and Housing Law (LRHL)?

LRHL History

LRHL Powers

LRHL Process

LRHL Criteria

What is Redevelopment?

Presentation on the Local Redevelopment and Housing Law (LRHL)

What is Redevelopment?

"Process to rebuild or restore an area in a measurable state of decline, disinvestment, or abandonment."

(Source: the Redevelopment Handbook, 3rd Edition)

"...clearance, replanning, development and redevelopment; the ***conservation*** *and* ***rehabilitation*** *of any* ***structure*** *or* ***improvement****, the* ***construction*** *and* ***provision for construction*** *of residential, commercial, industrial, public or other* ***structures*** *and the grant or* ***dedication of spaces*** *as may be* ***appropriate or necessary in the interest of the general welfare*** *for streets, parks, playgrounds, or other public purposes, including recreational and other facilities incidental or appurtenant thereto****, in accordance with a redevelopment plan****"*

(Source: N.J.A.C. 40A:12A-3 LRHL Definitions)

What is Local Redevelopment Housing Law?

- LRHL is New Jersey's primary statute governing redevelopment, rehabilitation, and affordable housing initiatives.
- It has been amended several times—often in response to court decisions, property-rights concerns, and changing economic conditions.

What is Local Redevelopment Housing Law?

The Legislature enacted the statute to:

- Promote economic development
- Encourage reinvestment
- Revitalize underutilized properties
- Address obsolete development patterns
- Facilitate housing production
- Improve infrastructure
- Eliminate conditions detrimental to public welfare

What is Local Redevelopment Housing Law?

40A:12A-2. Legislative findings and declarations.

"a. There exist, have existed and persist in various communities of this State conditions of deterioration in housing, commercial and industrial installations, public services and facilities and other physical components and supports of community life, and improper, or lack of proper development which result from forces which are amenable to correction and amelioration by concerted effort of responsible public bodies, and without this public effort are not likely to be corrected or ameliorated by private effort."

LRHL Establishes

- The redevelopment process
- Roles/responsibilities of the governing body, planning board, and any redevelopment entity
- Criteria for an “area in need” designation (8)
- Contents of a redevelopment plan (8)
- What a municipality may do in order to effectuate redevelopment
- The right of a municipality to create a redevelopment agency (40A:12A-11.1)

Redevelopment History

- 1992 – LRHL enacted to simplify and consolidate prior statutes
- 2007-2013 – Courts narrowed the definition of "blight." The Legislature later amended LRHL to incorporate these rulings.
- 2013 – eminent domain option (condemnation or non-condemnation) and due process notice, and codification of Gallenthin and Harrison Redevelopment Case Law)
- 2019 – expanded the eligibility criteria to allow municipalities to designate vacant or underutilized shopping malls/office parks
- 2023 – Malanga v. Twp. Of West Orange i.e. “substantial evidence” requirement, the municipal record must show actual causation between a condition of deterioration and the actual harm

LRHL Powers (40A:12A-4, -8, &-22)

- Municipal Governing Body
  - Cause a preliminary investigation
  - Determine that an area is in need of redevelopment
  - Adopt a redevelopment plan, which identifies how an area will be developed
  - Issue bonds for redevelopment
  - Acquire property
  - Lease or convey property without having to go through the public bidding process
  - Collect revenue from a selected developer
  - Grant tax exemptions and abatements
- Municipal Planning Board
  - Conduct a preliminary investigation
  - Make recommendations as to whether an area is in need of redevelopment

LRHL Process

Step 1

Governing Body adopts Resolution, directs Planning Board to investigate area (November 2025)

Step 2

Planning Board prepares a proposed map of area boundaries & a report setting forth the basis of the investigation (tbd)

Step 3

Planning Board sets a date for the public hearing and provides notice

Step 4

Planning Board completes hearing, makes a recommendation to Governing Body as to whether to designate all or part of Areas as being in Need of Redevelopment

LRHL Process

Step 5

Governing Body chooses whether to adopt resolution designating all or part of area as a Redevelopment Area

Step 6

Governing Body authorizes the preparation of a Redevelopment Plan, which may be delegated to the Planning Board or a Redevelopment Authority

Step 7

Planning Board either prepares the Redevelopment Plan and submits to the Governing Body, or reviews the Redevelopment Plan for consistency to the Master Plan

Step 8

Governing Body adopts, by Ordinance, the Redevelopment Plan after an introduction of the ordinance and public hearing

LRHL Redevelopment Statutory Criteria

criterion **A**

Deterioration and Unwholesome Living/Working Conditions

criterion **B**

Discontinuance/ Abandonment/ Disrepair of Buildings

criterion **C**

Public; and Privately owned lands vacant for 10+ years

criterion **D**

Obsolete Site Layout and Design

criterion **E**

Lack of Proper Use Resulting in Stagnant Condition

criterion **F**

Fire and Natural Disasters

criterion **G**

Urban Enterprise Zones (UEZ)

criterion **H**

Consistency with Smart Growth Principles

LRHL Statutory Criteria

40A:12A-5 A

The **generality of buildings are substandard, unsafe, unsanitary, dilapidated, or obsolescent**, or possess any of such characteristics, or are so **lacking in light, air, or space**, as to be conducive to **unwholesome living or working conditions**.

40A:12A-5 B

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 untenantable**.

LRHL Statutory Criteria

40A:12A-5 C

Land that is **owned by the municipality, the county, a local housing authority, redevelopment agency or redevelopment entity**, or **unimproved vacant land** that has **remained so for a period of ten years** prior to adoption of the resolution, and that **by reason of its location, remoteness, lack of means of access to developed sections or portions of the municipality**, or **topography**, or nature of the **soil**, is **not likely to be developed** through the instrumentality of private capital.

40A:12A-5 D

Areas with buildings or improvements which, by reason of **dilapidation, obsolescence, overcrowding, faulty arrangement or design, lack of ventilation, light and sanitary facilities**, **excessive land coverage**, **deleterious land use or obsolete layout**, or any combination of these or other factors, are detrimental to the safety, health, morals, or welfare of the community.

LRHL Statutory Criteria

40A:12A-5 E

A **growing lack or total lack of proper utilization** of areas **caused by the condition of the 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.

40A:12A-5 F

Areas, in excess of **five contiguous acres**, whereon buildings or improvements **have been destroyed, consumed by fire, demolished or altered by the action of storm, fire, cyclone, tornado, earthquake or other casualty** in such a way that the aggregate assessed value of the area has been materially depreciated.

LRHL Statutory Criteria

40A:12A-5 G

In any municipality in which an **enterprise zone has been designated** pursuant to the "New Jersey Urban Enterprise Zones Act…"

40A:12A-5 H

The designation of the delineated area is **consistent with smart growth planning principles** adopted pursuant to law or regulation.

Smart Growth Principles

1. Mix land uses
2. Take advantage of compact building design
3. Create a range of housing opportunities and choices
4. Foster walkable neighborhoods
5. Promote distinctive, attractive communities with a strong sense of place
6. Preserve open space, farmland, and critical environmental areas
7. Strengthen and encourage growth in existing communities
8. Provide a variety of transportation choices
9. Make development decisions predictable, fair, and cost-effective
10. Encourage citizen and stakeholder participation in development decisions

Adoption of Redevlopment Plan

8 required contents adopted by Ordinance

Redevelopment Plan Contents

- Pursuant to 40A:12A-7, 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 appropriate land uses, density, and improved traffic, utilities, facilities and other public improvements
2. Proposed land uses and building requirements/bulk standards
3. Provision for relocation
4. Identification of property to be acquired
5. Relationship to master plans of contiguous municipalities, county, and SDRP
6. Inventory of all affordable units to be removed
7. Plan for provision of new affordable units, if any are removed
8. Proposed location for zero-emission vehicle fueling and charging infrastructure

Redevelopment Approaches

- 40A: 12A-7(c) Redevelopment plans can either completely supersede the underlying zoning OR operate in conjunction with existing zoning as a Redevelopment Overlay Zone. LRHL expressly allows both approaches.
- If a Redevelopment Plan completely supersedes, then the ordinance adopting the redevelopment must explicitly amend the zoning map
- Deviations from redevelopment plan standards are treated as "exceptions"
- "exception" is not expressly defined in the LRHL like variances in the MLUL
- Deviations are treated as a separate category of relief from ordinary "c" or "d"
- It is important to include provisions in the redevelopment plan allowing the planning board to grant deviations/exceptions, but to know that if the deviation is substantial, the redevelopment plan must be amended.

LRHL Additional Information

Additional information on the Local Redevelopment and Housing Law (LRHL)

LRHL Additional Information continued

- LRHL allows Municipalities to designate property that does not exhibit one of the conditions, but the inclusion of such property in an area would promote a more effective redevelopment strategy
- 40A:12A-4.1 & 4.2 – a required condition for granting tax abatement within an AINR (20% Affordable housing units or contribution to the Affordable Housing Trust Fund)
- 40A:12A-13 – all development applications for AINR or portion thereof shall be submitted to the **Planning Board** for review and approval in accordance with the requirements for review and approval of subdivisions and site plans pursuant to MLUL
- The governing standards for a redevelopment plan come from the redevelopment ordinance itself
- the **Planning Board may grant relief from bulk standards** where the deviation advances the purposes of the redevelopment plan and can be granted without substantial detriment to the public intent of the plan (lower / more flexible standard of proof than positive / negative criteria)