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# New Jersey Law Expands Eligibility Criteria for Designating Redevelopment Areas

On August 9, New Jersey Gov. Phil Murphy signed into law AB 1700/SB 1583 (the Law), which amends the Local Redevelopment and Housing Law (LRHL) to address some of the shortcomings of the existing criteria for designating areas as being in need of redevelopment. The Law expands the eligibility criteria for designating areas in need of redevelopment by including certain shopping malls, office parks and other commercial properties.

New Jersey has long been a suburban state in which many shopping malls and office parks have been constructed over the past several decades. At one time, office parks and shopping malls were thriving and contributed to the state's prosperity. However, due to changing demographics, technology and shopping habits, many office parks and shopping malls have become outdated, obsolete or vacant.

The LRHL provides municipalities with an opportunity to designate properties that satisfy certain criteria as areas in need of redevelopment. Until this recent amendment, the LRHL did not specifically include certain commercial properties, such as shopping malls and office parks. The amendment to the LRHL expands criterion (b) of N.J.S.A. 40A:12A-5 to include the discontinuance or abandonment of buildings used for retail, shopping malls and office parks, as well as buildings with significant vacancies for at least two consecutive years. By expanding the types of properties that can be designated as areas in need of redevelopment, the amendment offers the opportunity for municipalities and developers to redevelop such properties by using the incentives offered through redevelopment under the LRHL, such as payments in lieu of taxes (PILOTs) or redevelopment area bonds.

The Law expands the potential reach of the LRHL, providing developers with an opportunity to address the rising vacancies in office parks and shopping malls and allowing municipalities to address lost ratables based on the high vacancy rates. This alert serves only as a summary of the Law. For more information or questions, please contact the authors or any member of the Day Pitney land use team.

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