

ASSEMBLY COMMERCE AND ECONOMIC DEVELOPMENT
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3797

STATE OF NEW JERSEY

DATED: SEPTEMBER 13, 2018

The Assembly Commerce and Economic Development Committee reports favorably Assembly Bill No. 3797.

This bill would allow a municipality to enter into a land banking agreement with a non-profit entity or a redevelopment entity and to designate the non-profit entity or redevelopment entity as the municipality's land banking entity. A land banking agreement would authorize a land banking entity to hold, maintain, sell, lease, or convey municipal property that is not needed for a public purpose. The bill would also allow a municipality that serves as its own redevelopment entity to be a land bank entity. The bill would empower a land bank entity to sell, lease, or convey land bank property without having to comply with the provisions of the "Local Lands and Buildings Law," N.J.S.A.40A:12-1 et seq.

Under the bill, a municipality may convey municipally-owned property and assign municipally-owned liens to the land bank entity. The bill also authorizes a land bank entity to acquire property for the land bank through gift or purchase, and to serve as the municipality's agent for the purposes of purchasing tax liens, foreclosing on liens, and foreclosing on abandoned property.

A municipality would adopt, and could amend, a land banking agreement by ordinance. A land banking agreement would establish the responsibilities of the land bank entity and specify the terms and conditions by which the land bank entity may:

- acquire property on behalf of the municipality,
- demolish and otherwise clear buildings and conduct other site improvements,
- maintain and secure property, and
- sell, lease, or convey property.

A land banking agreement would address the municipality's oversight of the land bank entity. The agreement would set forth the manner of distributing costs and revenues related to land bank property between the municipality and the land bank entity. A land bank agreement may provide that, with regard to parcels of property for which no property taxes were paid for at least two years before becoming land bank property, up to 50 percent of the property taxes or

payments in lieu of taxes collected on those parcels, for up to 10 years after they are sold, shall be paid over to the land bank entity.

When a land bank entity is a redevelopment entity with the power to borrow funds and incur debt, the land banking agreement may permit the land bank entity to exercise those powers in furtherance of its land banking obligations. When a redevelopment entity is acting as a land bank entity, it would not be subject to a specific provision of law, N.J.S.A.40A:12A-9, that imposes limitations on a redevelopment entity, unless those limitations are set forth in the land banking agreement and in the redevelopment entity's regulations.

The bill allows a municipality to exempt property held by a non-profit land bank entity from property taxation until or unless the property is sold.

The bill would require a land bank entity to develop and maintain an online, publicly accessible database of current and former land bank properties. A database would contain information about the ownership and sales price of each property.

The bill requires each land bank entity to establish a community advisory board and to provide the advisory board access to certain information and an opportunity to comment on the land bank entity's decisions. The community advisory board would be required to report on the accuracy, integrity, accessibility, and comprehensiveness of the land bank entity's online database at least annually. The bill requires a community advisory board to note in the annual report if the land bank entity has not complied with the requirement to develop and maintain an online database. The bill also subjects each land bank entity to an annual reporting requirement.

The bill allows a municipality to terminate a land banking agreement by providing the land bank entity with one year's notice of termination. Termination of a land banking agreement would not affect the status of a transaction properly entered into prior to termination. The bill provides that within 90 days of the termination date, the land bank entity must convey to the municipality all land bank property without consideration; provided, however, that the municipality and the entity may agree to allow the entity to retain title to any properties that are the subject of a pending transaction by the entity until completion of the transaction, and until the end of any lease.

A land bank entity may serve more than one municipality, subject to a shared services agreement between the municipalities.