

SENATE URBAN POLICY AND PLANNING COMMITTEE

STATEMENT TO

SENATE, No. 800

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 14, 1996

The Senate Urban Policy and Planning Committee reports favorably Senate Bill No. 800 with committee amendments.

Senate Bill No. 800 creates the New Jersey Redevelopment Authority (NJRA), with far-reaching powers to assist in the revitalization of New Jersey's urban areas. The bill establishes the authority in, but not of, the Department of Commerce and Economic Development and confers upon it all of the powers necessary to oversee the revitalization of the State's urban areas.

In addition, the bill creates a framework under which properties declared as abandoned based on their condition may be acquired in an abbreviated manner and redeveloped. The bill also authorizes the use of payments in lieu of taxes as a financing method.

The bill establishes an empowerment neighborhood program in which certain municipalities are made eligible for financial assistance from the NJRA. Article 5 sets forth procedures for remediating contaminated properties.

- The bill appropriates \$10 million and sets aside a portion of the aggregate amount of loans and loan guarantees made by the Economic Development Authority for NJRA projects . In addition, the bill makes available funds out of pre-existing bond issues for projects in empowerment neighborhoods or enterprise communities.

The committee amended the bill to :

- reconstitute the New Jersey Urban Development Corporation (UDC) as the New Jersey Redevelopment Authority (NJRA), provide for the transfer of UDC employees, records and loans to the NJRA, and remove the repealer of P.L.1985, c.222, which established the UDC. As introduced, the bill created the new authority and repealed UDC law;
- move the NJRA from the Department of the Treasury to the Department of Commerce and Economic Development;
- remove from the NJRA the power of eminent domain;
- remove the power of the NJRA to employ tax increment financing;
- impose upon the NJRA an annual bonding cap of \$100 million;

- remove the discretion of the Division of Investment to invest State-administered pension funds in NJRA bonds or projects;
- remove the Corporation Business Tax and other tax phase-in provisions;
- provide a carve-out of moneys from the "Local Development Financing Fund" for NJRA projects;
- place the Office of Neighborhood Empowerment in, but not of, the Department of Community Affairs, authorize the NJRA to assist in facilitating its work, and confer upon the Governor the power to appoint the executive director of the Office of Neighborhood Empowerment, who shall report solely to the Urban Coordinating Council. As introduced, the bill established the office within the NJRA;
- alter the composition of the Urban Coordinating Council to include executive directors of a number of specifically named authorities, in addition to the chief executive officers of the executive departments. The amendments also specify that the Governor shall chair the UCC;
- require the authority to accord first priority to designated empowerment neighborhoods in approving projects for financing. As introduced, the bill required that the NJRA grant first priority to any municipality which was both eligible to receive MRP aid and was coextensive with a "special needs district" at the time the application for project financing was submitted;
- allow the NJRA to hold public hearings on projects which exceed a specified cost threshold instead of requiring that these hearings be held;
- remove the requirement that the New Jersey Redevelopment Strategy document include the authority's assessment of project priorities within particular municipalities;
- remove the direct appropriation of bond moneys into the New Jersey Redevelopment Investment Fund and instead provide that consideration be given to funding such projects as may be practicable in an empowerment zone or enterprise community out of the "Water Supply Bond Act of 1981," the "Green Acres, Clean Water, Farmland and Historic Preservation Bond Act of 1992," and the "1992 New Jersey Employment and Workforce Development Act;"
- remove the dedication of \$20 million of sales tax proceeds to the New Jersey Redevelopment Investment Fund and instead appropriate \$10 million to the NJRA, of which one million shall be dedicated to the Office of Neighborhood Empowerment;
- remove State oversight and approval of any payment in lieu of tax agreement entered into under the bill;
- remove the reference to an abbreviated condemnation compensation proceeding since other committee amendments remove those provisions;
- expand the definition of "abandoned property" to include real

property, whether vacant or not, for which substantial environmental remediation has been ordered by the Department of Environmental Protection and which remains substantially incomplete 12 months following that order;

- permit a municipality to exclude from its inventory of abandoned property, property for which the expense to the municipality to determine the cost of required environmental remediation would be excessive. As introduced, municipalities would have been required to expend significant amounts to have extensive testing performed and reports and appraisals prepared in order list those properties in need of environmental remediation in excess of their fair market values;
- make consistent various references to the definition of abandoned property;
- permit a lienholder to challenge inclusion of property on the abandoned list in addition to the property owner;
- limit property tax foreclosure consequences to properties delinquent at least six quarters;
- require a tax sale certificate purchaser, assignee or transferee to file proof of liability insurance and indemnity agreement to hold the municipality harmless prior to commencing repair or rehabilitation work on the abandoned property;
- require that any money paid to redeem a tax sale certificate that was first held by a municipality and then transferred or assigned to the authority to be returned to the municipality;
- remove the provision concerning deemed waiver of condemnation commissioners by an owner of abandoned property and make clear that clearance, development, redevelopment or repair of property being maintained as an abandoned property is a public purpose and public use for which the power of eminent domain may be exercised;
- remove the provision permitting a municipality or the authority to institute tax sale certificate foreclosure proceedings 10 days after sale and instead reference the existing statute permitting immediate institution of foreclosure action against abandoned properties;
- provide reference to that provision of the bill relating to conveyance of a municipally held tax sale certificate on abandoned property to the authority in various statutes concerning methods by which a municipality may dispose of its tax sale certificates;
- remove the requirement that a municipality prepare a preliminary comprehensive plan before applying for participation in the neighborhood empowerment program;
- remove the provision that a municipality demonstrate a willingness to forgive back taxes in order to be eligible for priority consideration by the NJRA in designating empowerment neighborhoods;
- provide that the UCC shall administer the neighborhood

empowerment program in consultation with the NJRA. As introduced, the sole responsibility of the UCC with regard to this program would have involved its approval of the eligibility guidelines for neighborhood empowerment designation;

- change the benefits of empowerment neighborhood designation. As introduced, the bill would have provided as the benefit of designation: (1) the power of the NJRA to convey property for nominal consideration to a private developer in connection with an approved project, notwithstanding the "Local Lands and Buildings Law;" (2) the capping at 133% of appraised value a person's liability for cleanup costs in an empowerment neighborhood; and (3) the establishment of a "safe for intended use" standard within an empowerment neighborhood. The amendments provide that State programs shall give consideration to projects included in neighborhood empowerment plans or community development plans;
- provide that if the DEP issues a no further action letter or approves a remedial action workplan after the effective date of this act for a site at which a discharge occurred prior to or after its effective date, then any person who is not otherwise liable for the discharge shall not be liable to the State based solely on that person becoming an owner or operator of the site of the discharge. This provision applies only if the site is located in a qualified municipality and would also have applied only to empowerment neighborhoods but for this amendment which removes this limitation. The language is also clarified and the amendments add a definition of "site" to constitute real property defined in the remedial action workplan or no further action letter;
- require that in the event that any person who is performing a remediation on real property located in a qualified municipality who has entered into a memorandum of agreement with DEP subsequently submits to the department documents relating either to the remediation of that property or proposing innovative technologies, the DEP must review those documents in a timely fashion, providing approval, disapproval or conditional approval and provide a written rationale for any disapproval or conditional approval; and
- remove the rebuttable presumption that a remedial action workplan submitted in connection with a parcel of real property which qualifies for an urban redevelopment remediation exemption is in compliance with the department's regulations and is approved.