

ASSEMBLY HOUSING COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 1294

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 2, 2022

The Assembly Housing Committee adopts amendments to Assembly Bill No. 1294 (1R).

This bill, as amended, would establish a limited preemption from local zoning regulations for applications to convert certain office parks and retail centers into mixed-use developments. Office parks and retail shopping centers located within suburban parts of the State have been termed “stranded assets,” in part because their reuse or redevelopment is restricted by zoning regulations which limit their development to a single land use.

This bill seeks to initiate interest among property owners to develop these sites by establishing a two-year window of time within which a developer may submit an application to convert an eligible property into a mixed-use development without being constrained by outdated zoning ordinances. The bill defines “eligible property” as an office park of at least 50,000 square feet or a retail center of at least 15,000 square feet, which office park or retail center has a vacancy rate of at least 40 percent. Further, an eligible property includes only properties within Planning Areas 1 and 2, designated centers, within one mile of a transit center or central business district, and within a Department of Environmental Protection (“DEP”) sewer service area. An eligible property does not include properties in or adjacent to a landfill, active garbage dump, trash incinerator, power plant, oil or chemical refinery, superfund site, jail, prison, wastewater treatment facility, or large warehouse distribution facility or other heavy industrial use.

The bill provides that a mixed-use development is a permitted use, which does not require a use variance, if the mixed-use development is the subject of an application for development to convert an eligible property to a mixed-use development, the application for development is submitted for approval within two years of the bill’s effective date, and the application for development proposes to:

- reuse the existing building or buildings without expanding their square footage,

- redevelop the eligible property without expanding the square footage of the building or buildings on the eligible property, or
- extend beyond the building footprint square footage provided the development enhances a combination of stormwater management, the tree canopy, and street grid connectivity.

If an application for mixed-use development proposes new residential units, then the use variance-related benefits of the bill would also be conditional on at least 20 percent of the residential units constructed for owner-occupancy and 15 percent of the residential units constructed for rental occupancy being reserved as low income housing, moderate income housing, or very low income housing. The use variance-related benefits of the bill are also conditional on the application enhancing the multimodal transportation connectivity of the area through the addition or enhancement of sidewalks, bicycle lanes, or other improvements.

The bill would require a planning board or other approving authority to approve an application to convert an eligible property to a mixed-use development if the board determines that the application can be granted without causing substantial detriment to the public good and without substantially impairing the intent and purpose of the zone plan and zoning ordinance, and complies with the other requirements of the bill.

While freeing developers of these properties from municipal use restrictions, the bill retains local control over other aspects of the approval of an application to convert an eligible property to a mixed-use development. The bill specifically authorizes approving authorities to condition approval of an application to convert an eligible property to a mixed-use development upon complying with requirements for parking, water supply, sanitary sewer capacity, storm water management, bulk standards, and all reasonable site plan review, recreation, and design standards. However, the bill imposes one limitation on this grant of authority by providing that the height and setback limitations applicable to a converted mixed-use development will be the greatest height and least restrictive setback limitations allowed within the zoning district under municipal ordinance or variance approved by the approving authority.

Finally, the bill would direct The Department of Community Affairs (“DCA”) to conduct an inventory of abandoned and underutilized retail centers, office parks, and other stranded assets, and report the results to the Legislature and the public within 12 months of the enactment of this bill. The bill directs DCA to periodically update the inventory and report.

COMMITTEE AMENDMENTS

The committee amendments to the bill:

- clarify the definition of and “eligible property” to include only properties within Planning Areas 1 and 2, designated centers,

within one mile of a transit center or central business district, and within a DEP sewer service area;

- clarify that the definition of “eligible property” does not include properties in or adjacent to a landfill, active garbage dump, trash incinerator, power plant, oil or chemical refinery, superfund site, jail, prison, wastewater treatment facility, or large warehouse distribution facility or other heavy industrial use;
- permit a development to obtain benefits of the bill even if extending beyond the building footprint square footage provided the development enhances a combination of stormwater management, the tree canopy, and street grid connectivity;
- make certain benefits of the bill conditional on a development enhancing the multimodal transportation connectivity of an area through the addition or enhancement of a combination of sidewalks, bicycle lanes, or other improvements;
- direct DCA to conduct an inventory of abandoned and underutilized retail centers, office parks, and other stranded assets, and report the results to the Legislature and the public;
- replace the term “planning board” with “approving authority” throughout the bill; and
- remove redundant language concerning the need for a mixed-use development to include at least two types of uses outside of the term’s definition, and make other technical changes.