

40:55 C-12, 40:55C-37

LEGISLATIVE HISTORY CHECKLIST

NJSA: 40:55C-12, 40:55C-37, 55:14A-7, 55:14A-56

(Clarifies the law concerning
municipal power to convey land when
acting as a redevelopment agency

LAWS OF: 1984

CHAPTER: 112

Bill No: S1634

Sponsor(s): Pallone

Date Introduced: May 14, 1984

Committee: **Assembly:** Municipal Government

Senate: County and Municipal Government

Amended during passage: Yes Amendments during passage
denoted by asterisks

Date of Passage: **Assembly:** June 28, 1984

Senate: June 18, 1984

Date of Approval: August 2, 1984

Following statements are attached if available:

Sponsor statement: Yes

Committee statement: **Assembly** Yes

Senate Yes

Fiscal Note: No

Veto Message: No

Message on Signing: Yes

Following were printed:

Reports: No

Hearings: No

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8-2-84

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SENATE, No. 1634**STATE OF NEW JERSEY**

INTRODUCED MAY 14, 1984

By Senator PALLONE

Referred to Committee on County and Municipal Government

AN ACT ******[to amend the "Redevelopment Agencies Law," approved June 14, 1949 (P. L. 1949, c. 306)*, *R. S. 55:14A-7**.] ****** *concerning certain redevelopment powers of municipalities, and amending the "Redevelopment Agencies Law" (P. L. 1949, c. 306), the "Local Housing Authorities Law" (R. S. 55:14A-1 et seq.), P. L. 1956, c. 22 and P. L. 1956, c. 212.***

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. Section 12 of P. L. 1949, c. 306 (C. 40:55C-12) is amended
2 to read as follows:

3 12. An agency shall constitute a public body corporate and
4 politic, exercising public and essential governmental functions, and
5 having all the powers necessary or convenient to carry out and
6 effectuate the purposes and provisions of this act, including the
7 following powers in addition to others herein granted:

8 (a) To sue and be sued; to have a seal and to alter the same
9 at pleasure; to have perpetual succession; to make and execute
10 contracts and other instruments necessary or convenient to the
11 exercise of the powers of the agency; and to make and from time
12 to time amend and repeal bylaws, rules and regulations, not incon-
13 sistent with this act, to carry into effect its powers and purposes.

14 (b) To invest any funds held in reserve or sinking funds, or any
15 funds not required for immediate disbursement, in property or
16 securities in which savings banks may legally invest funds subject
17 to their control; to purchase its bonds at a price not more than the
18 principal amount thereof and accrued interest, all bonds so pur-
19 chased to be cancelled.

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter printed in italics *thus* is new matter.

Matter enclosed in asterisks or stars has been adopted as follows:

*—Senate committee amendments adopted May 17, 1984.

**—Assembly amendments adopted June 28, 1984.

20 (c) Borrow moneys from any source and issue its bonds therefor
 21 and give or issue such security therefor or for such bonds, including
 22 but not limited to bonds, bonds and mortgages, or other assets of
 23 the agency, or pledge or assignment thereof or mortgage or other
 24 encumbrance on any of its property, real, personal, or mixed, and
 25 pay such rate of interest thereon not exceeding 6% per annum as
 26 the agency may deem for the best interest of the public.

27 (d) To invest in an obligee the right in the event of a default
 28 by the agency to foreclose and take possession of the project covered
 29 by said mortgage or apply for the appointment of a receiver.

30 (e) To provide for the refunding of any of its bonds, by the
 31 issuance of such obligations, in such manner and form, and upon
 32 such terms and conditions, as it shall deem in the best interests of
 33 the public.

34 (f) Consent to the modification of any contract, bond indenture,
 35 mortgage or other instrument entered into by it.

36 (g) Pay or compromise any claim arising on, or because of any
 37 agreement, bond indenture, mortgage or instrument.

38 (h) Subordinate, waive, sell, assign or release any right, title,
 39 claim, lien or demand however acquired, including any equity or
 40 right of redemption, foreclose, sell or assign any mortgage held
 41 by it, or any interest in real or personal property; and purchase
 42 at any sale, upon such terms and at such prices as it determines
 43 to be reasonable and to take title to property, real, personal or
 44 mixed, so acquired and similarly to sell, exchange, assign, convey
 45 or otherwise dispose of any such property.

46 ***[***The governing body of a municipality, acting as a redevelopment*
 47 *agency pursuant to section 9 of P. L. 1956, c. 212 (C. 40:55C-37)*
 48 *or section 8 of P. L. 1956, c. 211 (C. 55:14A-56), is authorized, to*
 49 *subordinate, waive, sell, assign or release any right, title, claim,*
 50 *lien or demand however acquired in connection with a redevelop-*
 51 *ment project, without meeting any of the conditions set forth in*
 52 *statutory provision otherwise limiting their ability to convey prop-*
 53 *erty, including but not limited to the conditions set forth in the*
 54 *“Local Lands and Buildings Law,” P. L. 1971, c. 199 (C. 40A:12-1*
 55 *et seq.), R. S. 40:184-27 concerning public parks and playgrounds,*
 56 *and section 1 of P. L. 1958, c. 118 (C. 40:60-51.7) concerning the*
 57 *sale of lands acquired for places of resort and recreation.***]***

57A **Notwithstanding the provisions of any law, rule or regulation to*
 57B *the contrary, this power shall extend to the governing body of any*
 57C *municipality acting as an agency pursuant to section 8 of P. L. 1956,*
 57D *c. 212 (C. 40:55C-37), provided that the power is exercised in con-*
 57E *junction with the provisions of a redevelopment plan.**

58 (i) Complete, administer, operate, obtain and pay for insurance
 59 on, and maintain, renovate, repair, modernize, lease or otherwise
 60 deal with any property acquired or held pursuant to this act.

61 (j) Acquire, by condemnation, any land or buildings which are
 62 located in an area determined by the governing body of a munici-
 63 pality, pursuant to the provisions of P. L. 1949, c. 187 (C. 40:55-21.1
 64 et seq.), to be a blighted area, and which are necessary for a project
 65 under this act. In such case the agency shall proceed pursuant to
 66 the provisions of chapter 1 of Title 20 of the Revised Statutes re-
 67 lating to eminent domain and acquire a fee simple or such lesser
 68 interest in said lands as it shall deem necessary.

69 (k) To extend credit or make loans to redevelopers for the plan-
 70 ning, designing, acquiring, constructing, reconstructing, improving,
 71 equipping and furnishing any project or redevelopment work.

1 *2. R. S. 55:14A-7 is amended to read as follows:

2 55:14A-7. Powers of authority.

3 An authority shall constitute a public body corporate and politic,
 4 exercising public and essential governmental functions, and having
 5 all the powers necessary or convenient to carry out and effectuate
 6 the purposes and provisions of this chapter, including the following
 7 powers in addition to others herein granted:

8 (a) To sue and be sued; to have a seal and to alter the same
 9 at pleasure; to have perpetual succession; to make and execute
 10 contracts and other instruments necessary or convenient to the
 11 exercise of the powers of the authority; and to make and from time
 12 to time amend and repeal bylaws, rules and regulations, not in-
 13 consistent with this chapter, to carry into effect the powers and
 14 purposes of the authority.

15 (b) Within its area of operation: to prepare, carry out, acquire,
 16 lease and operate housing projects; to provide for the construction,
 17 reconstruction, improvement, alteration or repair of any housing
 18 project or any part thereof.

19 (c) To arrange or contract, in the manner now prescribed by
 20 law concerning municipalities, except as otherwise provided by the
 21 rules or regulations of the federal government, for the furnishing
 22 by any person or agency, public or private, of services, privileges,
 23 works or facilities for, or in connection with, a housing project or
 24 the occupants thereof; and (notwithstanding anything to the con-
 25 trary contained in this chapter or any other provision of law) to
 26 agree to any conditions attached to federal financial assistance
 27 relating to the determination of prevailing salaries or wages or
 28 to payment of not less than prevailing salaries or wages or to com-
 29 pliance with labor standards, in the development or administration

30 of projects and to include in any contract let in connection with
 31 a project, stipulations requiring that the contractor and any sub-
 32 contractors comply with requirements as to minimum wages and
 33 maximum hours of labor, and comply with any conditions which
 34 the federal government may have attached to its financial aid of
 35 the project.

36 (d) To lease or rent any dwellings, houses, accommodations,
 37 lands, buildings, structures or facilities embraced in any housing
 38 project and (subject to the limitations contained in this chapter)
 39 to establish and revise the rents or charges therefor; to own, hold
 40 and improve real or personal property; to purchase, lease, obtain
 41 options upon, acquire by gift, grant, bequest, devise, or otherwise,
 42 any real or personal property or any interest therein; to acquire
 43 by the exercise of the power of eminent domain any real property;
 44 to sell, lease, exchange, transfer, assign, pledge or dispose of any
 45 real or personal property or any interest therein; to insure or
 46 provide for the insurance of any real or personal property or opera-
 47 tions of the authority against any risks or hazards; to procure or
 48 agree to the procurement of insurance or guarantees from the
 49 federal government of the payment of any bonds or parts thereof
 50 issued by an authority, including the power to pay premiums on
 51 any such insurance.

52 *Notwithstanding the provisions of any law, rule or regulation*
 53 *to the contrary, the governing body of a municipality may **lease*
 54 *or** convey property **to any other party** pursuant to this sub-*
 55 *section, at such prices and upon such terms as it deems reasonable,*
 56 *when that governing body is acting as an authority pursuant to*
 57 *section 8 of P. L. 1956, c. 211 (C. 55:14A-56), provided that the*
 58 ***lease or** conveyance is made in conjunction with a redevelop-*
 59 *ment plan pursuant to section 3 of P. L. 1956, c. 211 (C. 55:14A-51).*

60 (e) To invest any funds held in reserve or sinking funds, or any
 61 funds not required for immediate disbursement, in property or
 62 securities in which savings banks may legally invest funds subject
 63 to their control; to purchase its bonds at a price not more than
 64 the principal amount thereof and accrued interest, all bonds so
 65 purchased to be canceled.

66 (f) Within its area of operation; to investigate into living,
 67 dwelling and housing conditions and into the means and methods
 68 of improving such conditions; to determine where slum areas exist
 69 or where there is a shortage of decent, safe and sanitary dwelling
 70 accommodations for persons of low income; to make studies and
 71 recommendations relating to the problem of clearing, replanning
 72 and reconstructing of slum areas, and the problem of providing

73 dwelling accommodations for persons of low income, and to co-
 74 operate with any public body in action taken in connection with
 75 such problems; and to engage in research, studies and experimen-
 76 tation on the subject of housing.

77 (g) To exercise all or any part or combination of powers herein
 78 granted.*

1 **3. Section 8 of P. L. 1956, c. 211 (C. 55:14A-56) is amended
 2 to read as follows:

3 8. The powers conferred in this act shall not be exercised by any
 4 agency until the governing body of the municipality, by resolution,
 5 has authorized the agency to exercise said powers. Nothing in this
 6 act shall prohibit a municipality, if it so determines, from exercising
 7 the powers conferred herein, *and in the "Local Housing Authorities*
 8 *Law" (R. S. 55:14A-1 et seq.)*, either directly or by designating
 9 another public body to exercise **the** *these* powers **conferred by**
 10 **this act**.

1 4. Section 8 of P. L. 1956, c. 212 (C. 40:55C-37) is amended to
 2 read as follows:

3 8. The powers conferred in this act shall not be exercised by any
 4 agency until the governing body of the municipality, by resolution,
 5 has authorized the agency to exercise said powers. Nothing in this
 6 act shall prohibit a municipality, if it so determines, from exercising
 7 the powers conferred herein, *and in the "Redevelopment Agencies*
 8 *Law," P. L. 1949, c. 306 (C. 40:55C-1 et seq.)*, either directly or by
 9 designating another public body to exercise **the** *these* powers
 10 **conferred by this act**.**

1 ***[2.]** * **[*3.*]** * **[*5.*]** * This act shall take effect immediately.

66 the provisions of chapter 1 of Title 20 of the Revised Statutes re-
67 lating to eminent domain and acquire a fee simple or such lesser
68 interest in said lands as it shall deem necessary.

69 (k) To extend credit or make loans to redevelopers for the plan-
70 ning, designing, acquiring, constructing, reconstructing, improving,
71 equipping and furnishing any project or redevelopment work.

1 2. This act shall take effect immediately.

STATEMENT

The redevelopment agency is authorized to convey property consistent with the purposes set forth in the redevelopment plan promulgated by the municipal governing body, without complying with the various conditions set forth in statutes which would otherwise apply to municipalities conveying such property. The Redevelopment Agencies Law and the Housing Authorities Law both include provisions which authorize a municipality to perform any actions which a redevelopment agency is entitled to perform.

Several other statutes authorize municipalities to convey property, subject to compliance with conditions set forth in those statutes. Compliance with those conditions would, in some cases, be inconsistent with the purposes of redevelopment.

The purpose of this bill is to clarify that a municipality, when acting as a redevelopment agency, is authorized to convey land without complying with the conditions set forth in other statutes also empowering municipalities to convey land, but subject to compliance with certain conditions set forth in those other statutes.

51634 (1984)

ASSEMBLY MUNICIPAL GOVERNMENT COMMITTEE

STATEMENT TO

SENATE. No. 1634

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: JUNE 28, 1984

Senate Bill No. 1634 would clarify existing law in order to firmly establish that a municipality, when acting as a redevelopment agency or a housing authority, may lease or convey property to any other party, without resort to public bidding, in order to carry out a redevelopment project, provided that the power is exercised in conjunction with the provisions of a redevelopment plan.

Currently, under the "Local Housing Authorities Law," 1938, c. 19 (R. S. 55:14A-1 et seq.), a municipality may act in the capacity of a local housing authority. Under the "Redevelopment Agencies Law," P. L. 1949, c. 306 (C. 40:55C-1 et seq.), a municipality may act in the capacity of a local redevelopment agency. In these capacities, the municipality is granted broad statutory powers to participate in the redevelopment of a blighted area or an area in need of rehabilitation. Among those powers is the authority to acquire and lease or convey property for redevelopment purposes.

However, under section 13 of the "Local Lands and Buildings Law," P. L. 1971, c. 199 (C. 40A:12-13), a municipality is required, with certain exceptions, to lease or sell property at public auction to the highest bidder. The statutory exceptions do not presently include alternative conveyances for the purposes of redevelopment. Public bidding is also required in the conveyance of property originally acquired for park or playground purposes (R. S. 40:184-27) or for places of resort and recreation (P. L. 1958, c. 118; C. 40:60-51.7).

Senate Bill No. 1634 would amend section 12 of the "Redevelopment Agencies Law," P. L. 1949, c. 306 (C. 40:55C-12) and section 7 of the "Local Housing Authorities Law" (R. S. 55:14A-7) to specify that, when acting as a redevelopment agency or housing authority, a municipality shall have the same power to lease or convey property as does any other such agency or authority, notwithstanding any provi-

sion of law to the contrary, provided that the power is exercised in conjunction with the provisions of a redevelopment plan.

The bill would explicitly reconcile the "Redevelopment Agencies Law" and "Local Housing Authorities Law" with the "Local Lands and Buildings Law," and with the statutes concerning park and playground property and property acquired for resort and recreation purposes.

The Assembly committee amendments, adopted at the sponsor's request, conform this bill to Assembly Bill No. 1794 of 1984, and clarify that a municipality may assume all of the powers of a local housing authority or a redevelopment agency under property statutory authorization.

SENATE COUNTY AND MUNICIPAL GOVERNMENT
COMMITTEE

SENATE, No. 1634

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: MAY 17, 1984

Senate Bill No. 1634 would clarify existing law in order to firmly establish that a municipality, when acting as a redevelopment agency or a housing authority, may convey property, without resort to public bidding, in order to carry out a redevelopment project.

Currently, under the "Local Housing Authorities Law," P. L. 1938, c. 19 (C. 55:14A-1 et seq.), municipality may act in the capacity of a local housing authority. Under the "Redevelopment Agencies Law," P. L. 1949, c. 306 (C. 40:55C-1 et seq.), a municipality may act in the capacity of a local redevelopment agency. In these capacities, the municipality is granted broad statutory powers to participate in the redevelopment of a blighted area or an area in need of rehabilitation. Among those powers is the authority to acquire and convey property for redevelopment purposes.

However, under section 13 of the "Local Lands and Buildings Law," P. L. 1971, c. 199 (C. 40A:12-13), a municipality is required, with certain exceptions, to sell property at public auction to the highest bidder. The statutory exceptions do not presently include alternative conveyances for the purposes of redevelopment. Public bidding is also required in the conveyance of property originally acquired for park or playground purposes (R. S. 40:184-27) or for places of resort and recreation (P. L. 1958, c. 118; C. 40:60-51.7).

Senate Bill No. 1634 would amend section 12 of the "Redevelopment Agencies Law," P. L. 1949, c. 306 (C. 40:55C-12) and section 7 of the "Local Housing Authorities Law," P. L. 1938, c. 19 (C. 55:14A-7) to specify that, when acting as a redevelopment agency or housing authority, a municipality shall have the same power to convey property as does any other such agency or authority, notwithstanding any provision of law to the contrary. Thus, the municipality may convey property, without resort to public bidding, in these circumstances.

The bill would explicitly reconcile the "Redevelopment Agencies Law" and "Local Housing Authorities Law" with the "Local Lands and Buildings Law," and with the statutes concerning park and playground property and property acquired for resort and recreation purposes.

The committee amendments are technical in nature.



OFFICE OF THE GOVERNOR

NEWS RELEASE

CN-001

Contact: PAUL WOLCOTT
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TRENTON, N.J. 08625

Release: FRIDAY, AUGUST 3, 1984

Governor Thomas H. Kean has signed legislation which will permit a local governing body, when acting as a redevelopment agency, to sell municipality owned property without offering it to the highest bidder at a public auction.

The two bills in the package, S-1633 and S-1634, were sponsored by State Senator Frank Pallone, D-Monmouth. Identical legislation was first sponsored in the Assembly by Assemblyman Joseph A. Palaia, R-Monmouth.

The two bills are designed to permit a municipality to sell property to a developer as part of a specific redevelopment plan. The bills make clear that although sale of public property at public auction is the generally desirable method, in the instance of a redevelopment plan, the intent of the plan could be thwarted or delayed should the property not be sold to the developer whose plan had been approved by the redevelopment agency, in this case the governing body of the municipality.

Enactment of the two bills will enable the city of Asbury Park to proceed with approved plans for the redevelopment of the city's oceanfront area.

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Bills

Page Two

August 3, 1984

S-1634 clarifies the powers of a municipality to convey property when acting as a redevelopment agency by authorizing the sale without auction of property for the specific use as set out in a plan developed by the governing body.

S-1633 amends the Local Lands and Buildings Law to permit sale without public bid, requiring the land to be sold at "use value," that is, the value at which the municipality determines the land should be sold for specific redevelopment purposes. The bill also grants the municipality the right of first refusal in the case of subsequent resale by a private developer. The bill establishes the right of the municipality to repurchase the land from the redeveloper at the same price for which it was originally sold. Such right must be a condition of the deed transferring the property to the redeveloper.

The Governor also signed the following bills:

A-2284, sponsored by Assemblyman Thomas A. Pankok, D-Salem, which provides that employees of municipal port authorities shall be part of the Civil Service System in cases where the municipality creating the authority is already included in the Civil Service system.

A-1631, sponsored by Assemblyman Thomas J. Deverin, D-Middlesex, which requires every nursing home and residential health care facility to establish a written "heat emergency action plan" to deal with problems caused by very hot weather conditions. The plan must detail the procedures the facility will follow in the event of a heat emergency, which is defined as a condition in which the indoor temperature is 85 degrees fahrenheit for continuous period of four hours or longer.

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