

# ASSEMBLY, No. 1294

## STATE OF NEW JERSEY 220th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2022 SESSION

**Sponsored by:**

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**District 6 (Burlington and Camden)**

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**SYNOPSIS**

Authorizes conversion of certain office parks and retail centers to mixed-use developments.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel.



1 AN ACT concerning the conversion of certain office parks and retail  
2 centers to mixed-use developments and supplementing chapter  
3 55D of Title 40 of the Revised Statutes.

4  
5 **BE IT ENACTED** by the Senate and General Assembly of the State  
6 of New Jersey:

7  
8 1. The Legislature finds and declares:

9 a. New Jersey is one of the most suburban states in the country.

10 b. The rapid, post-World War II development of New Jersey  
11 was based upon an automobile-dependent economy and lifestyle,  
12 and led to the proliferation of large regional shopping malls and  
13 suburban office parks.

14 c. While, for decades, large regional shopping malls and  
15 suburban office parks prospered, and enabled New Jersey to  
16 prosper, these old single-use forms of development are now in such  
17 significant decline throughout the State and the country that  
18 academics and planners have termed them “stranded assets.”

19 d. Rutgers University professors, James W. Hughes and Joseph  
20 J. Seneca, in their 2015 publication “New Jersey’s Postsuburban  
21 Economy,” explain that just as New Jersey successfully evolved  
22 from an urban manufacturing-based economy to a suburbanized  
23 information-age, and research-driven economy, societal changes are  
24 again challenging the State to reinvent itself.

25 e. As the post-war baby boom, suburban-centric workforce  
26 declines, and is replaced by a new generation comprised of echo  
27 boomers and millennials, the preferences of the new generation are  
28 causing corporations to leave regional shopping malls and suburban  
29 office parks behind, and to locate in places that are attractive for the  
30 new workforce.

31 f. Millennials are driving these changes because there are so  
32 many of them. People between 20 and 36 years old outnumber  
33 every other generation in the country. Businesses want to hire  
34 them, sell to them, or both. While in a former day, it was common  
35 for employees to relocate to secure employment, today it is more  
36 and more common for companies to relocate to areas in which  
37 millennials want to live, work, and play.

38 g. According to Professors Hughes and Seneca, the new  
39 workforce does not find the car-culture suburbs in which they grew  
40 up an attractive place to live, work and play. “Density, walkability,  
41 public transit, work-life balance, and urban amenities have grown  
42 significantly as quality-of-life locational attractions. Suddenly,  
43 New Jersey’s greatest core advantage in the late twentieth century –  
44 a suburban-dominated, automobile-dependent economy and  
45 lifestyle – is regarded as a disadvantage.

46 h. PlanSmart NJ’s 2016 publication, “A Guide to the Future:  
47 Repurposing Stranded Assets and Revitalizing New Jersey’s  
48 Suburbs,” states that “technological advances and changing societal

1 demands have eroded the suburbs' attractiveness to residents and  
2 corporations leaving behind large isolated and underutilized  
3 buildings, or 'stranded assets,' which no longer act as economic  
4 engines."

5 i. While the new workforce and employers alike want to locate  
6 in livable walkable mixed-use communities, in which employees  
7 can have a range of amenities within walking distance of work and  
8 home, it is possible and desirable to repurpose stranded office parks  
9 and shopping malls into mixed-use communities.

10 j. One significant impediment to repurposing stranded assets  
11 into mixed-use communities are outdated, rigid zoning regulations  
12 that often separate residential and commercial uses from each other.

13 k. According to the PlanSmart NJ report, "[z]oning ordinances  
14 in suburban towns almost universally limit opportunities for mixed  
15 use walkable designs because of the Euclidean template where uses  
16 are rigorously separated. . . . In fact, single-use zoning ordinances  
17 often 'unintentionally stand in the way of providing developers,  
18 employers, and workers the types of modern spaces they desire,'  
19 therefore, 'inhibiting a community's economic competitiveness.'"

20 l. In order to encourage developers to repurpose stranded  
21 assets, it is appropriate for the Legislature to temporarily preempt  
22 local use restrictions that stand in the way of attempts to redevelop  
23 stranded single-use regional shopping centers and office parks into  
24 vibrant, desirable, mixed-use communities.

25

26 2. a. As used in this section:

27 "Eligible property" means an office park of at least 50,000  
28 square feet or a retail center of at least 15,000 square feet, which  
29 office park or retail center has a vacancy rate of at least 40 percent.

30 "Mixed-use development" means a development which includes  
31 both a non-residential development component and a residential  
32 development component.

33 b. A mixed-use development shall be a permitted use and shall  
34 not require a use variance pursuant to subsection d. of section 57 of  
35 P.L.1975, c.291 (C.40:55D-70) if the mixed-use development is the  
36 subject of an application for development to convert an eligible  
37 property to a mixed-use development, the application for  
38 development is submitted for approval prior to the first day of the  
39 25th month next following the effective date of this act, and the  
40 application for development complies with the following  
41 requirements:

42 (1) the application proposes to develop at least two types of  
43 uses;

44 (2) the application proposes to either:

45 (a) reuse the existing building or buildings without expanding  
46 the square footage of the building or buildings on the eligible  
47 property, or

- 1 (b) redevelop the eligible property without expanding the square  
2 footage of the building or buildings on the eligible property; and  
3 (3) if the application for development proposes new residential  
4 units, at least 20 percent of the residential units constructed for  
5 owner-occupancy and 15 percent of the residential units constructed  
6 for rental occupancy shall be reserved as low income housing,  
7 moderate income housing, or very low income housing, as those  
8 terms are defined in section 4 of P.L.1985, c.222 (C.52:27D-304).  
9 c. The planning board shall approve an application for  
10 development to convert an eligible property to a mixed-use  
11 development if the board determines that:  
12 (1) the application can be granted without causing substantial  
13 detriment to the public good and without substantially impairing the  
14 intent and purpose of the zone plan and zoning ordinance, and  
15 (2) the application complies with the other requirements of this  
16 section.  
17 d. The planning board may condition approval of an application  
18 for development to convert an eligible property to a mixed-use  
19 development upon complying with requirements for parking, water  
20 supply, sanitary sewer capacity, storm water management, bulk  
21 standards, and all reasonable site plan review, recreation, and  
22 design standards provided, however, that the height and setback  
23 limitations applicable to a converted mixed-use development shall  
24 be the greatest height and least restrictive setback limitations  
25 allowed within the zoning district under municipal ordinance or  
26 variance approved by the planning board.  
27  
28 3. This act shall take effect immediately.  
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31 STATEMENT  
32

33 This bill would establish a limited preemption from local zoning  
34 regulations for applications to convert certain office parks and retail  
35 centers into mixed-use developments. Office parks and retail  
36 shopping centers located within suburban parts of the State have  
37 been termed “stranded assets” and that one of the problems  
38 inhibiting the reuse or redevelopment of these properties is zoning  
39 regulations which restrict their development to a single land use.  
40 This bill seeks to spark interest among property owners to  
41 develop these sites by establishing a two-year window of time  
42 within which a developer may submit an application to convert an  
43 eligible property into a mixed-use development without being  
44 constrained by outdated zoning ordinances. The bill defines  
45 “eligible property” as an office park of at least 50,000 square feet or  
46 a retail center of at least 15,000 square feet, which office park or  
47 retail center has a vacancy rate of at least 40 percent.

1 The bill provides that a mixed-use development is a permitted  
2 use, which does not require a use variance, if the mixed-use  
3 development is the subject of an application for development to  
4 convert an eligible property to a mixed-use development, the  
5 application for development is submitted for approval within two  
6 years of the bill's effective date, and the application for  
7 development:

- 8 • proposes to develop at least two types of uses;
- 9 • proposes to either:
  - 10 ○ reuse the existing building or buildings without
  - 11 expanding their square footage, or
  - 12 ○ redevelop the eligible property without expanding the
  - 13 square footage of the building or buildings on the
  - 14 eligible property.

15 Furthermore, under the bill, if the application for development to  
16 convert an eligible property to a mixed-use development proposes  
17 construction of new residential units, at least 20 percent of the  
18 residential units constructed for owner-occupancy and 15 percent of  
19 the residential units constructed for rental occupancy must be  
20 reserved as low income housing, moderate income housing, or very  
21 low income housing, as those terms are defined in section 4 of  
22 P.L.1985, c.222 (C.52:27D-304).

23 The bill would require a planning board to approve an  
24 application to convert an eligible property to a mixed-use  
25 development if the board determines that:

- 26 • the application can be granted without causing substantial  
27 detriment to the public good and without substantially  
28 impairing the intent and purpose of the zone plan and zoning  
29 ordinance, and
- 30 • the application complies with the other requirements of this  
31 section.

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