

Non-Condemnation Area in Need of Redevelopment Study

Block 41, Lots 1, 3, 4, 5, 6.01, 6.02, 7, and 8

Block 63, Lots 5.01, 6, 7, and 7.01

Block 75, Lots 171 and 177

Block 75.02, Lots 169 and 170.01

Block 75.05, Lot 16.01

Block 75.06, Lots 7 and 8.01

Borough of Red Bank, NJ

Prepared for

The Borough of Red Bank, NJ

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Red Bank, NJ

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INTRODUCTION

On December 14, 2023, the Red Bank Borough Council (“Governing Body”) directed the Planning Board to conduct a preliminary investigation to determine if certain properties constitute a “non-condemnation area in need of redevelopment” under the non-condemnation provisions of the New Jersey Local Redevelopment and Housing Law (LRHL) (see the resolution in the Appendix). The Planning Board has directed its planning consultant, BFJ Planning, to prepare this study for the Planning Board’s review and recommendation to the Governing Body.

The properties that are the subject of this report are in the vicinity of the Red Bank train station and designated as:

- Block 41, Lots 1, 3, 4, 5, 6.01, 6.02, 7, and 8
- Block 63, Lots 5.01, 6, 7, and 7.01
- Block 75, Lots 171 and 177
- Block 75.02, Lots 169 and 170.01
- Block 75.05, Lot 16.01
- Block 75.06, Lots 7 and 8.01

The study area is predominantly developed with surface parking lots and infrastructure serving the commuter train station and adjacent rail yard, as well as the Borough’s Department of Public Works (DPW) facilities. In addition, several lots in Block 41 and one lot in Block 75.02 contain privately owned commercial buildings and associated parking.

The purpose of this report is to determine whether the study area qualifies as a “redevelopment area” pursuant to the applicable provisions of N.J.S.A. 40A:12A-5. This analysis concludes that, based upon an examination of existing conditions; site inspections; review of historic data and reports related to the site and building conditions; an assessment of the surrounding development pattern; Master Plan goals, objectives, policy statements, and land use recommendations; zoning provisions; and an evaluation of the statutory criteria, the majority of the study area satisfies the criteria for such a designation. The basis for this conclusion, as well as recommendations for next steps, are detailed in the body of this report.

LEGAL AUTHORITY AND PROCESS

New Jersey's Local Redevelopment and Housing Law (the "LRHL") empowers local governments to initiate a process by which designated properties that meet certain statutory criteria can be revitalized in order to advance the public interest. In granting to municipalities the authorization to designate certain lands as "in need of redevelopment or rehabilitation," the LRHL recognizes that:

"There exist, have existed and persist in various communities of this State conditions of deterioration in housing, commercial and industrial installations, public services and facilities and other physical components and supports of community life, and improper, or lack of proper development which result from forces which are amenable to correction and amelioration by concerted effort of responsible public bodies, and without this public effort are not likely to be corrected or ameliorated by private effort."

Once an area is designated "in need of redevelopment," in accordance with statutory criteria, municipalities may adopt redevelopment plans and employ various planning and financial tools to make redevelopment projects more feasible and remove deleterious conditions. A redevelopment designation may also qualify projects in the redevelopment area for financial subsidies or other incentive programs offered by the State of New Jersey.

Redevelopment Procedure

The LRHL requires local governments to follow a process involving a series of steps before they may exercise powers under the statute. The process is designed to ensure that the public is given adequate notice and opportunity to participate in the public process. Further, the redevelopment process requires that the Governing Body and Planning Board coordinate to ensure that all redevelopment actions consider the municipal Master Plan. The steps required are generally as follows:

1. The Governing Body must adopt a resolution directing the Planning Board to perform a preliminary investigation to determine whether a specified area is in need of redevelopment according to criteria set forth in the LRHL (N.J.S.A. 40A:12A-5).
2. The resolution authorizing the Planning Board to undertake a preliminary investigation shall state whether or not the redevelopment area in determination shall authorize the municipality to use all those powers for use in a redevelopment, including eminent domain (i.e., whether the area is to be a condemnation redevelopment area or a non-condemnation redevelopment area).
3. The Planning Board must prepare and make available a map delineating the boundaries of the proposed redevelopment area, specifying the parcels to be included and investigated. A statement setting forth the basis of the investigation or the preliminary statement should accompany this map.
4. The Planning Board must conduct the investigation and produce a report presenting the findings. The Board must also hold a duly noticed hearing to present the results of the investigation and to

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allow interested parties to give testimony. The Planning Board may then adopt a resolution recommending a course of action to the Governing Body.

5. The Governing Body may accept, reject, or modify this recommendation by adopting a resolution designating lands recommended by the Planning Board as an “Area in Need of Redevelopment.” The Governing Body must make the final determination as to the Non-Condemnation Redevelopment Area boundaries.
6. If the Governing Body resolution assigning the investigation to the Planning Board states that the redevelopment determination shall establish a Condemnation Redevelopment Area, then the notice of the final determination shall indicate that: (i) the determination operates as a finding of public purpose and authorizes the municipality to exercise the power of eminent domain to acquire property in the redevelopment area, and (ii) legal action to challenge the final determination must be commenced within 45 days of receipt of notice and that failure to do so shall preclude an owner from later raising such a challenge.¹
7. A Redevelopment Plan may be prepared establishing the goals, objectives, and specific actions to be taken with regard to the “Area in Need of Redevelopment.”
8. The Governing Body may then act on the Plan by passing an ordinance adopting the Plan as an amendment to the municipal Zoning Ordinance.
9. Only after completion of this process is a municipality able to exercise the powers under the LRHL.

Study Process and Scope

In satisfaction of #1 and #2 above, the Red Bank Borough Council, by a resolution dated December 14, 2023, directed the Planning Board to conduct a preliminary investigation to determine whether the identified parcels constitute a non-condemnation area in need of redevelopment according to the criteria set forth in the LRHL. The resolution is included in this report as Appendix A.

In furtherance of #3 and #4 above, this Preliminary Investigation will determine whether the parcels (the “Study Area,” as mapped in this report) within the Borough of Red Bank meet the statutory requirements under N.J.S.A. 40A:12A-5 for designation as a non-condemnation “area in need of redevelopment.”

The scope of work for the investigation included the following: land use review; assessment of property and building conditions; occupancy and ownership status; review of tax data and aerial photos; and review of the Borough’s zoning ordinance, zoning map, and 2023 Master Plan.

¹ Pursuant to Borough Council Resolution No. NP23-140, the Red Bank Planning Board is only authorized to conduct an investigation to determine if the study area satisfies the criteria in the LRHL for designation as a “non-condemnation redevelopment area.” Eminent domain is not being considered for this study area.

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EXISTING CONDITIONS

Site Overview

The area being studied for potential designation as a redevelopment area is shown in Figure 1. The Study Area incorporates parcels on either side of the NJ Transit railroad tracks, generally between Monmouth Street to the north and Drs. James Parker Boulevard to the south, encompassing the east-west cross streets of Oakland Street, Chestnut Street, Herbert Street, Leonard Street, and Tilton Avenue. The approximately 13-acre area includes all or a portion of Blocks 41, 63, 75, 75.02, 75.05, and 75.06. The area is fully developed with buildings and parking lots, with very little land area devoted to landscaping; as a result, the predominant feature is impervious coverage.

The study area is in the west-central portion of Red Bank, centered at the NJ Transit train station and adjacent to the Shrewsbury Avenue commercial corridor. The area is walkable to the Borough's Central Business District on Broad Street, as well as to businesses along Front Street. Monmouth Street, which forms the northern boundary of the study area, was identified in Red Bank's 2023 Master Plan as the primary linkage between Shrewsbury Avenue and the Central Business District, and thus appropriate for new development that furthers an active downtown environment.

As shown in Figure 2, the primary land use in the study area is surface parking and rail-related infrastructure, either for the passenger rail station or the Red Bank Rail Yard. Commercial and mixed uses are found along Monmouth and West Streets in Block 41, which also contains the only residential parcel. Block 75.02 contains the Borough's Department of Public Utilities complex and office/performance space for Count Basie Center for the Arts.

Surrounding properties are a mix of small-scale local businesses, single- and two-family homes, apartment buildings, and community uses such as the Red Bank Armory on Chestnut Street and St. Anthony of Padua Catholic Church. Other public-oriented uses are easily walkable to the study area, including the Count Basie Center for the Arts, Two River Theater, the Borough's Senior Center, the Post Office, and the Red Bank Charter School. The original Red Bank train station is listed on the National and State Registers of Historic Places. No other historic sites or districts are within close proximity to the study area.

In addition to passenger rail, the study area is served by NJ Transit's bus system, with a bus stop providing service on the Route 832, 834, and 838 bus lines. The study area is also near the Borough's only designated bike lane, which is on Bridge Avenue between Chestnut Street and Drs. James Parker Boulevard. As shown in Figure 3, sidewalks are present throughout the area, but they vary in condition, and the at-grade railroad tracks disrupt the pedestrian environment, especially on Monmouth Street and Chestnut Street.

The study area is fairly flat, with no major change to topography. No natural environmental constraints, including regulated wetlands or floodplains, are present, reflecting the built-up nature and the substantial paved areas. However, because the study area is low-lying and flat, storm-related flooding is known to be an issue. Water, sewer, stormwater, and electrical infrastructure is in place throughout the study area. In addition, a high-tension electrical line runs north-south through the study area, crossing the railroad tracks at Chestnut Street just west of the DPW site.

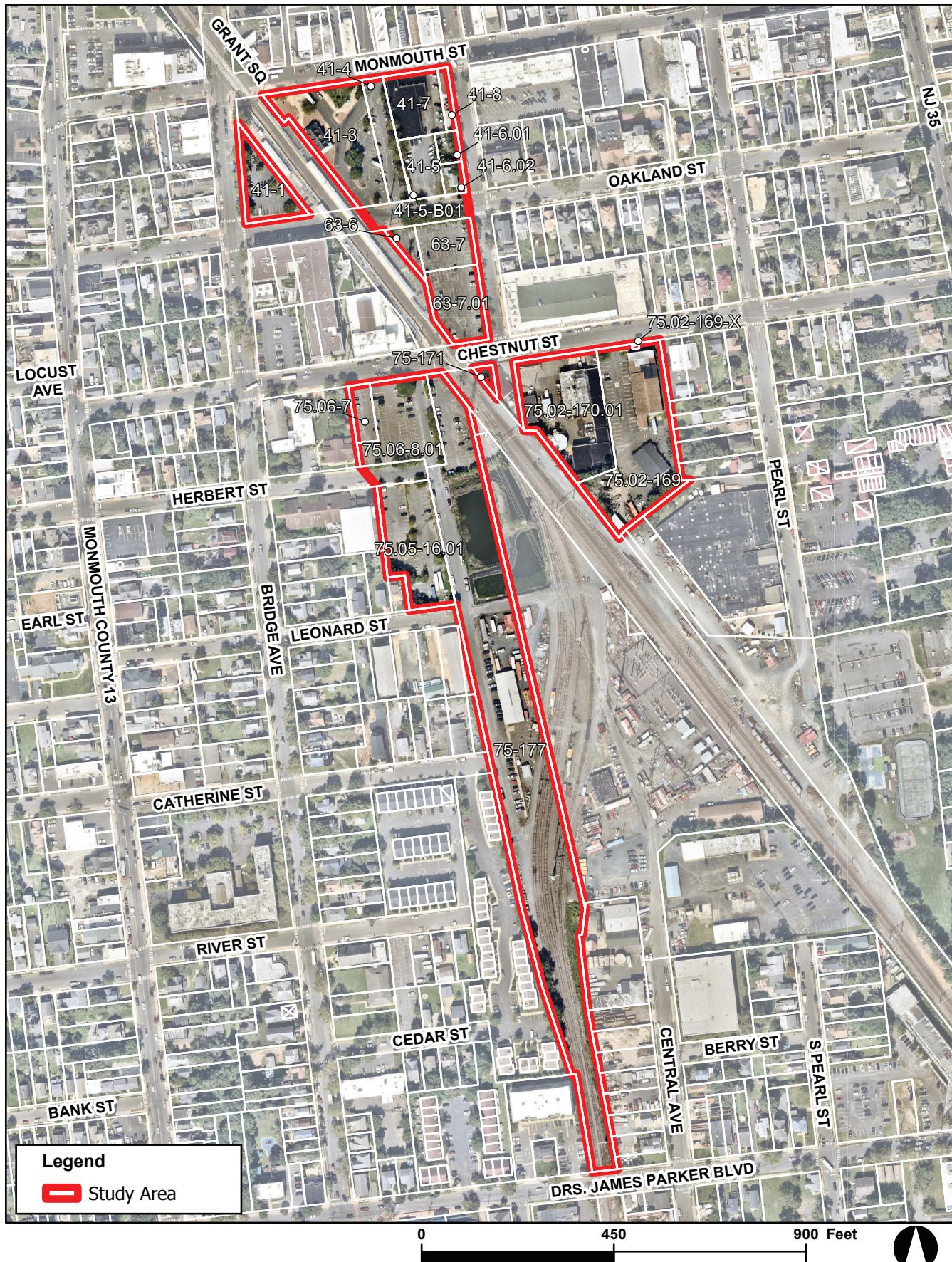


Figure 1: Map of Potential Redevelopment Area

Red Bank Train Station Redevelopment

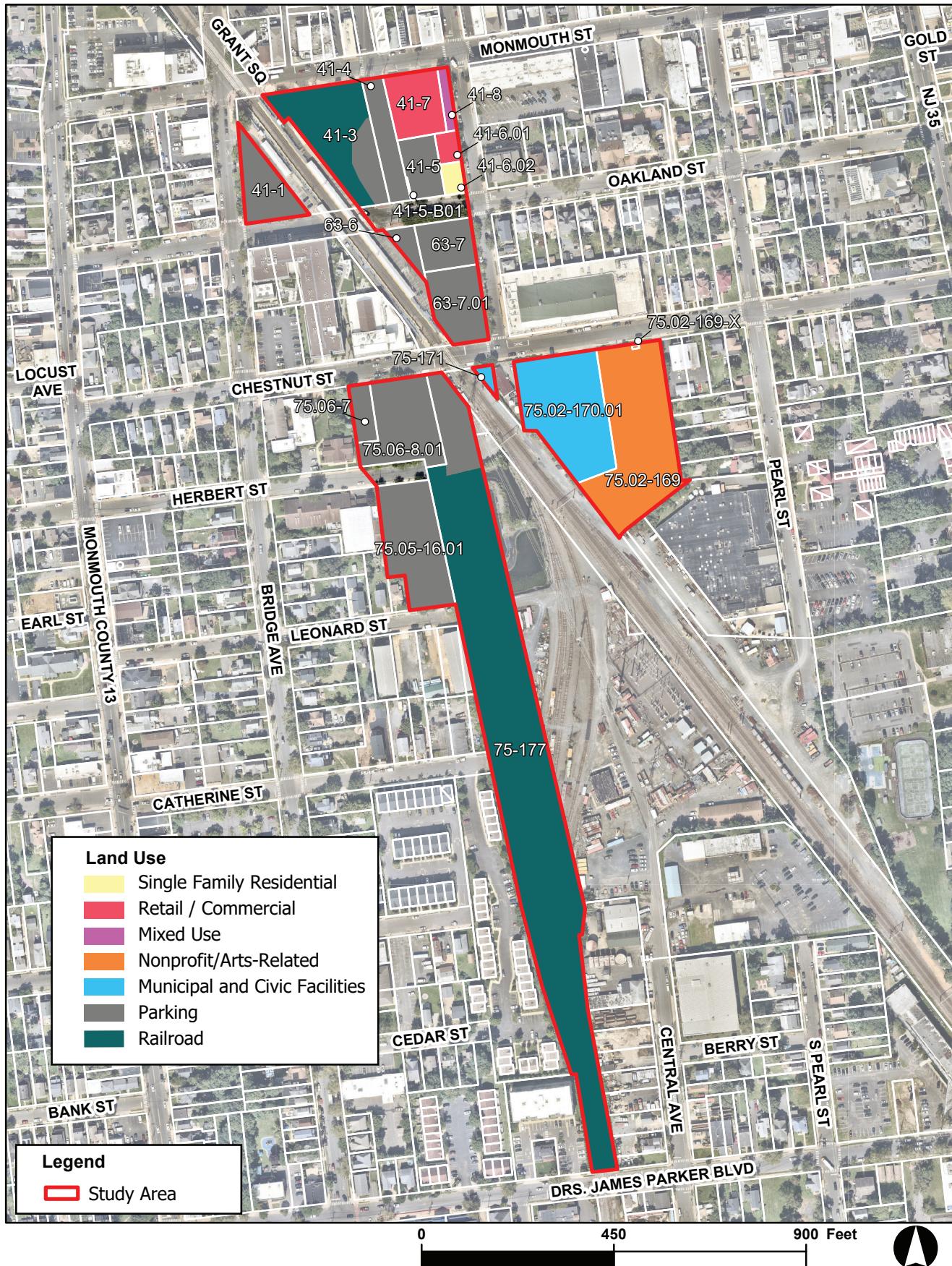


Figure 2: Land Use

Red Bank Train Station Redevelopment

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According to the New Jersey Department of Environmental Protection (NJDEP), the Borough's Department of Public Utilities is designated at both an active contamination site and a brownfield, placing it under regular monitoring by the department. No other properties within the study area have known contamination issues.

Zoning

As shown in Figure 4, several zoning districts are present within the study area. The Red Bank Rail Yard property and parking lots south of Chestnut Street are zoned for industrial uses, I and LI, respectively. The rest of the study area is within a business zone (BR-1 or BR-2), except for a very small portion that is RB (residential). The BR-1 and BR-zones allow a range of uses including single-family residences, mixed-use developments, multifamily dwellings, offices, supermarkets, art studios, banks, and theaters. In addition, the BR-1 allows for cannabis delivery services. Table 1, following the figure, summarizes the relevant area/bulk provisions of the zoning districts in the study area.

The portion of the study area north of Chestnut Street is within the Train Station (TS) Overlay Zone, which supports mixed-use development with increased residential density on upper floors. All permitted uses in the BR-1 and BR-2 zones are allowed in the TS zone, with non-residential uses permitted on the ground floor only. Within the overlay, buildings of up to 50 feet and residential densities of up to 35 units per acre are allowed, and parking requirements are reduced.

Block 41 is also located within the Borough's designated Rehabilitation Area, which covers most of the downtown area west of Broad Street. Although this designation was made in 2017, no redevelopment plan was ever prepared, and no development under the provisions of the LRHL appears to have occurred.

The Borough's Affordable Housing Overlay is also located directly adjacent to the study area, just west of the Rail Yard between Catherine Street and Cedar Street. This zone is intended to facilitate low- and moderate-income housing in townhouse or multifamily format. The overlay has been developed with apartments that include affordable units, adding residential uses to an area that also includes the Brownstones at Red Bank townhouse complex and River Street Commons age-restricted housing development, both on River Street.

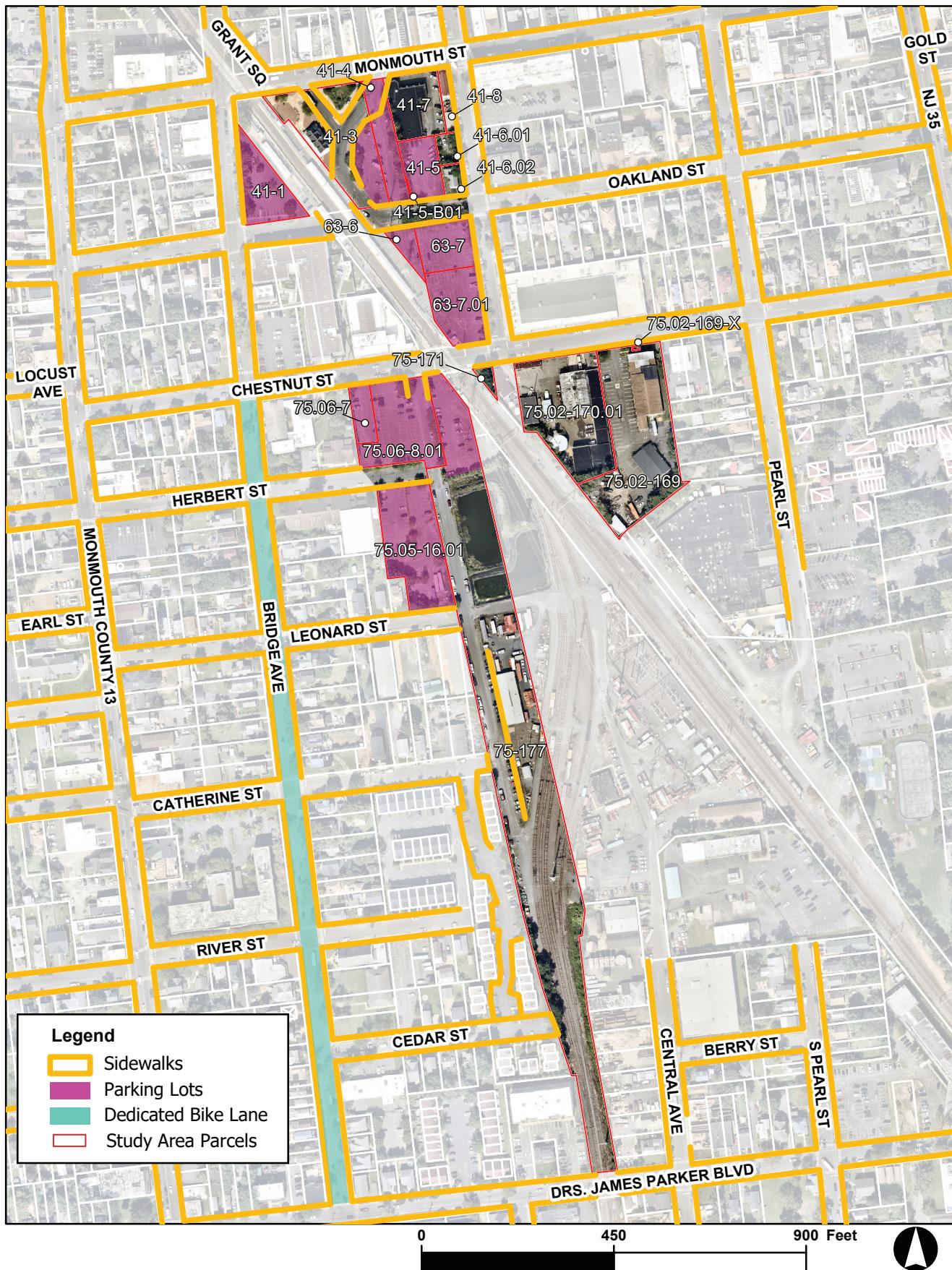


Figure 3: Sidewalks and Parking Lots

Red Bank Train Station Redevelopment

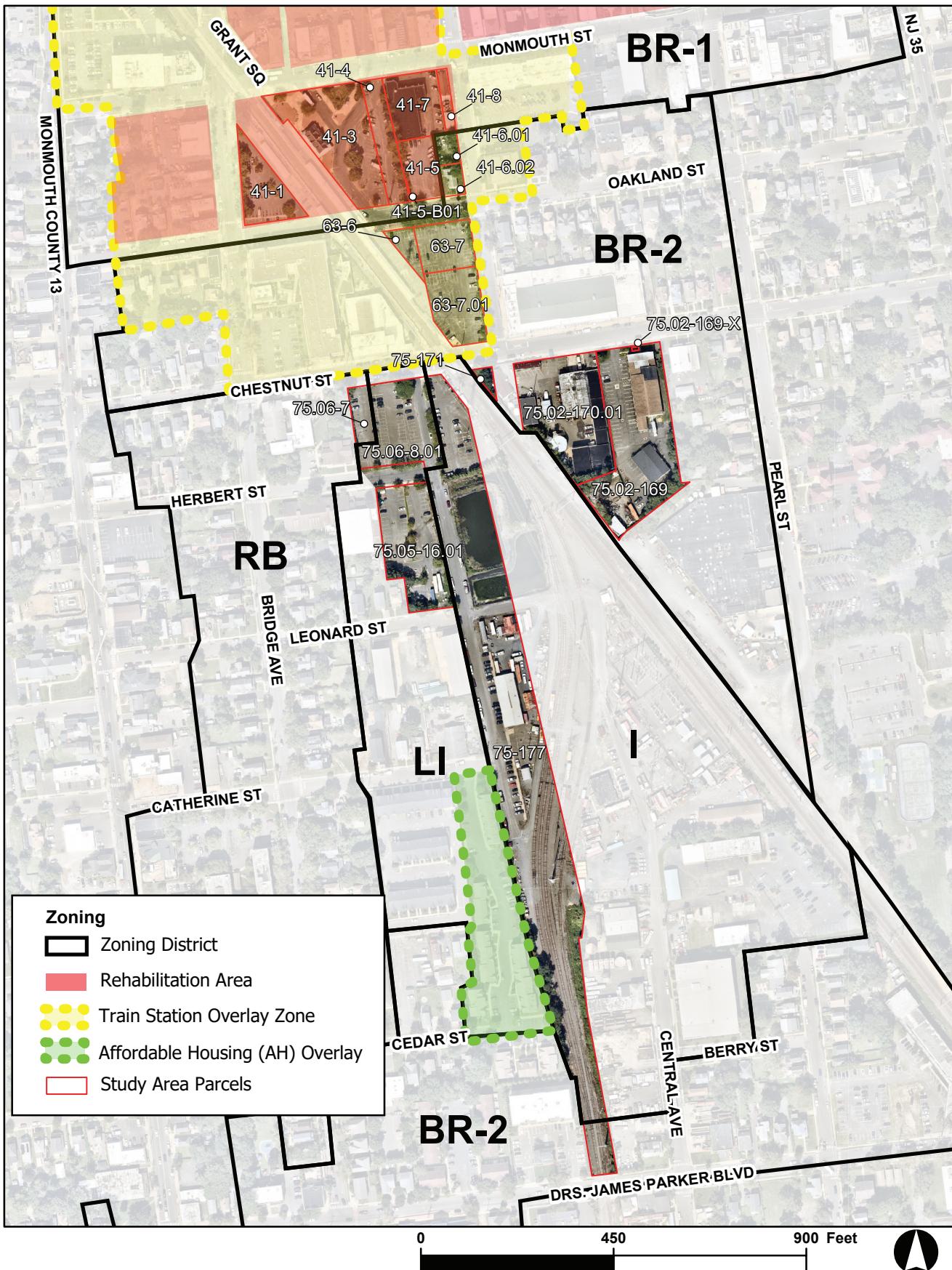


Figure 4: Zoning

Red Bank Train Station Redevelopment

Table 1: Summary of Zoning Requirements in the Study Area

| District | Minimum Lot Area | Required Yards (in feet) | | | Building Height | Maximum Lot Coverage of Principal and Accessory Structures | Minimum Gross Habitable Floor Area | |
|----------|--|--------------------------|--------------------------------------|------|---|--|------------------------------------|---------------|
| | | Front | Side (one) | Rear | | | One-Story | Two-Story |
| RB | 3,500 sf | 30 | 10 | 25 | 2 1/2 stories 35 ft | 40% | 900 sf | 1,000 sf |
| BR-1 | 4,500 sf (Single-family and home professional offices) 45,000 sf (Garden apartments and apartment houses) 25,000 sf (Townhouses) | 25 | Varies from 10 – 15 depending on use | 25 | 2 1/2 stories 35 ft (Single-family); Other Uses: 40 ft | Varies from 35 – 50% depending on use | Varies by use | Varies by use |
| BR-2 | 4,500 sf (Single-family and home professional offices) 45,000 sf (Garden apartments and apartment houses) 25,000 sf (Townhouses) 10,000 sf (Other Uses) | 25 | Varies from 10 – 15 depending on use | 25 | 2 1/2 stories 35 ft (Single-family) Other Uses: 3 stories 40 ft | Varies from 35 – 50% depending on use | Varies by use | Varies by use |
| LI | - | - | - | 10 | 3 stories 50 ft | 65% | - | - |
| I | - | - | - | 10 | 3 stories 50 ft | 65% | - | - |

Source: Borough of Red Bank

The 2022 Master Plan made several zoning-related recommendations affecting the study area. First, the Plan recommended that the Borough re-start the process of obtaining Transit Village designation by the New Jersey Department of Transportation (NJDOT). Red Bank had begun the work in 2018, but initial guidance from the State indicated that the existing TS overlay district alone was not effective enough at encouraging an appropriate scale of transit-oriented development. Thus, the Master Plan recommended replacing the overlay with a new transit-oriented development (TOD) district for an area encompassing both sides of the railroad tracks between Monmouth Street and East Leonard Street. This district would permit comparable uses to the BR districts and allow slightly higher height and density and parking flexibility in exchange for benefits including public parking, affordable housing, and high-quality design.

The Master Plan noted that the redevelopment process would also be an appropriate tool to facilitate higher-density TOD that achieves community benefits and suggested working with a designated developer to implement a vision for revitalization around the train station. The Plan's intent was that a redevelopment planning process could also serve to achieve Transit Village status.

Lastly, the Master Plan recommended reducing the downtown rehabilitation area to a more targeted area, and preparing a redevelopment plan to guide its revitalization. Given that the Plan suggested consideration for either a TOD district or a redevelopment designation for an area generally consistent with the study area, it is assumed that the rehabilitation area designation would be removed from Block 41, in favor of such potential changes.

The Borough has started implementation of some of these TOD-related recommendations, including preparing a self-assessment report as part of the State Plan Endorsement Process. This will incorporate a petition for reinstatement of the previous Regional Center designation, which expired in 2022.

Property Ownership and Tax Data

Property ownership in the study is a mix of public, private, and nonprofit entities, but all of the properties are collectively held by just five owners:

- **NJ Transit and Related Entities:** Lots 41-1, 41-3, 41-4, 63-6, 63-7, 63-7.01, 75.06-7, 75.06-8.01, and 75-177, totaling 8.42 acres.
- **Denholtz Properties Entities:** Lots 41-5, 41-6.01, 41-6.02, 41-7, and 75.05-16.01, totaling 1.73 acres.
- **Borough of Red Bank:** Lots 75-171 and 75.02-170.01, totaling 1.19 acres.
- **Count Basie Theatre, Inc.:** Lot 75.02-169, 1.52 acres.
- **KLE Properties, LLC:** Lot 41-8, 0.09 acres.

Property tax data from Monmouth County were compiled to determine the assessed value of each property in the study area and current property taxes. As shown, even though the study area has a total assessed value of about \$13.5 million, it generated just \$109,530 in property taxes for 2023. This reflects the substantial public and nonprofit ownership of the parcels.

Table 2: Tax Data for Study Area Parcels

| Block/Lot | Owner | Size (Acres) | Use | Assessed Value (2024) | | | Taxes Paid (2023) |
|------------------------|---------------------------|--------------|--------------------------|-----------------------|-------------------|---------------------|---------------------|
| | | | | Land Value | Improvement Value | Net Value | |
| 41-1 | NJDOT | 0.41 | Parking Lot | \$450,100 | \$44,600 | \$494,700 | 0 |
| 41-3 | NJDOT | 1.01 | Train Station/Parking | \$1,419,000 | \$541,300 | \$1,960,300 | 0 |
| 41-4 | NJ Transit | 0.34 | Parking | N/A | N/A | N/A | 0 |
| 41-5 ¹ | Denzar at Transit, LLC | 0.28 | Parking Lot/Billboard | \$938,200 | \$24,600 | \$962,800 | \$19,275.26 |
| 41-6.01 | Denzar at Transit, LLC | 0.09 | Parking Lot | \$161,700 | \$2,700 | \$164,400 | \$3,289.28 |
| 41-6.02 | Denzar at Transit, LLC | 0.08 | Single-Family | \$207,100 | \$197,400 | \$404,500 | \$7,624.89 |
| 41-7 | Denzar at Transit, LLC | 0.43 | Auto Service | \$1,008,000 | \$1,054,300 | \$2,062,300 | \$40,666.62 |
| 41-8 | KLE Properties, LLC | 0.09 | Restaurant/Apartments | \$317,600 | \$792,500 | \$1,110,100 | \$21,699.68 |
| 63-6 ² | NJ Transit | 0.11 | Parking Lot | \$83,200 | \$2,000 | \$85,200 | 0 |
| 63-7 | NJDOT | 0.33 | Parking Lot | \$523,900 | \$20,800 | \$544,700 | 0 |
| 63-7.01 | NJDOT | 0.47 | Parking Lot | \$778,000 | \$28,200 | \$806,200 | 0 |
| 75-171 | Borough of Red Bank | 0.04 | Public Works | \$25,800 | \$3,900 | \$29,700 | 0 |
| 75-177 | NJ Transit | 4.88 | Rail Infrastructure | N/A | N/A | N/A | 0 |
| 75.02-169 ³ | Count Basie Theatre, Inc. | 1.52 | Office/Performance Space | \$787,500 | \$1,130,100 | \$1,917,600 | \$14,070.06 |
| 75.02-170.01 | Borough of Red Bank | 1.15 | Public Works | \$538,000 | \$1450,000 | \$1,997,000 | 0 |
| 75.05-16.01 | Denholtz Chestnut, LLC | 0.85 | Parking Lot | \$96,600 | \$57,000 | \$153,600 | \$2,904.72 |
| 75.06-7 | NJDOT | 0.16 | Parking Lot | \$230,500 | \$15,800 | \$246,300 | 0 |
| 75.06-8.01 | NJDOT | 0.71 | Parking Lot/Utilities | \$558,100 | \$43,400 | \$601,500 | 0 |
| TOTALS | | 12.94 | | | | \$13,540,900 | \$109,530.51 |

Source: Monmouth County Clerk, Open Public Records Search System (OPRS), 2024

¹ Block 41, Lot 5 includes a sub-lot, 5-B01, which corresponds to placement of a billboard.

² Block 63, Lot 6 includes Lot 5.01, which is identified on the land survey but not found in tax or GIS records. It is indistinguishable from Lot 6; both provide train station parking.

³ Block 75.02, Lot 169 is divided into two sub-blocks, 169 and 169X. Lot 169X is tax-exempt.

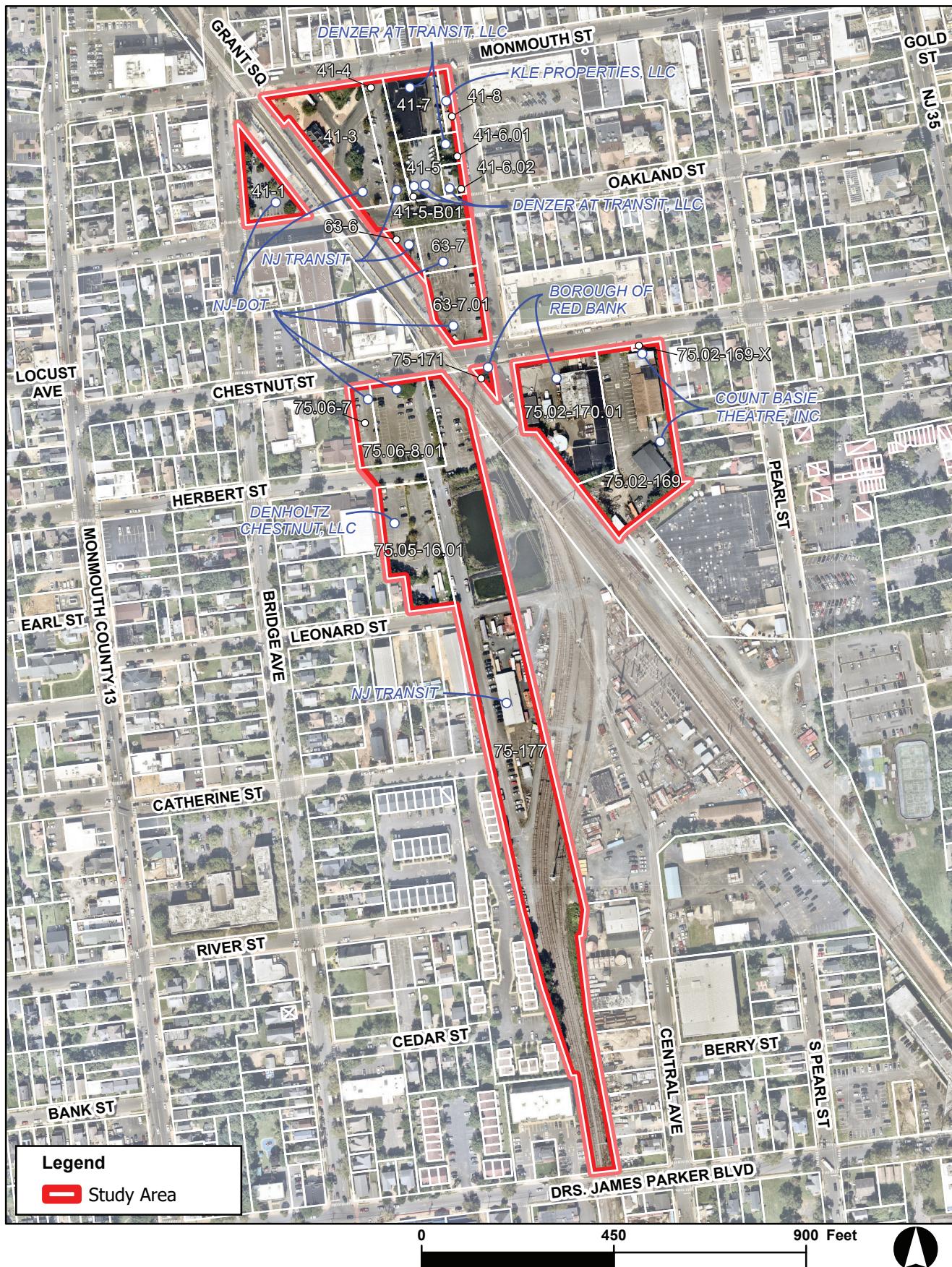


Figure 5: Property Ownership

Red Bank Train Station Redevelopment

Site Conditions

The following section describes, on a block-by-block basis, conditions of the study area parcels and is based on site visits conducted on July 19, 2022, (as part of the Borough's Master Plan process) and February 15, 2024. The second site visit included an extensive interview and walk-through of the DPW site with Red Bank's Director of Public Utilities. In addition, BFJ conducted a call on February 22, 2024, with representatives of NJ Transit, to discuss operations and conditions at the Rail Yard site. These representatives subsequently provided more detailed information on that site. A series of photos of the parcels follows the discussion.

Block 41

The western two-thirds of this block, consisting of the property owned by entities connected with NJ Transit, is devoted to surface parking (Lots 1 and 2, totaling 133 spaces) and infrastructure that directly serves the railroad station that runs between Lots 41-1 and 41-3. The parking itself is in reasonably good condition, although some cracking and fading of markings was evident, as is typical for heavily used transit lots. Parking utilization varies; the portions of the lots closest to Monmouth Street appeared to be the most heavily used, while the portion west of the tracks (Lot 41-1) was lightly used. In addition to parking, Lot 41-3 contains the historic train station building and kiosk, which have been restored but are not currently in use. There are two bus shelters on this lot, one facing southeast to serve the bus lane, and one facing north on Monmouth Street. Both lot 41-1 and 41-3 have bike racks and storage, waste receptacles, and signage to serve passengers. The bus and rail infrastructure within the study area is well-maintained. Lastly, the station area has decorative paving and lighting treatments; these are generally in good condition, although several lights were observed to be missing or broken.

Moving east, the next set of properties is held by a single owner (Denzer at Transit LLC). Lot 41-7 contains an auto repair facility, with a parking lot at the rear of the building (Lot 41-5) and another lot (Lot 41-6.01) that is gated and appears to serve as auto storage. Lot 41-5 is in poor condition, showing a mix of asphalt and gravel that has deteriorated over time. Lot 41-6.01 is asphalt and in fair condition, although aerial photos show evidence of cracks with grass growing. This lot is buffered on three sides by trees along the property lines. Lot 41-5-B01 contains a billboard that faces east/west. The building on Lot 41-7, constructed in 2000, is in good condition. Finally, Lot 41-6.02 is occupied by a single-family house and driveway. The home, built in 1920, is in fair condition, with some need for maintenance in terms of paint, condition of siding, and yard structures.

The final parcel on Block 41 is Lot 41-6.01, which contains Juanitos restaurant on the ground floor and apartments above. The building, which occupies the entirety of the parcel, was built in 1922 and is in good condition. Recent improvements appear to have been made, including a mural and provision for multiple dining spaces and a take-out area.

Except for isolated landscaped areas and plantings along the periphery of some parcels, all of Block 41 consists of impervious coverage. The 2023 Master Plan noted the area around the train station as a heat island, where the buildings and pavement magnify heat. The plan recommends reducing impervious coverage, through green infrastructure techniques, or – in the case of the station area – potentially through transit-oriented development that can reduce coverage.

Block 63

The three study area parcels in this block are devoted to surface commuter parking (Lot 3, 143 spaces). The parking, which is very underutilized, is in good condition, with some cracking and fading of pavement markings. As with Block 41, bike racks and storage, waste receptacles, and signage are present are the station itself. Lighting is a mix of the decorative fixtures found on Block 41 and more typical fixtures.

Blocks 75 (including Lot 75-171) and 75.02

DPW Site

The western half of these blocks, Lots 75-171 and 75.02-170.01, is owned by the Borough and used as the DPW's headquarters and water treatment facility. Although the two lots are separated by a right-of-way (the end of West Street), they function as a single site. Approximately 30 employees are based at the location, with the Director of Public Utilities, foreman, Water & Sewer Supervisor, and clerical staff generally on-site.

This property is almost entirely impervious, covered with asphalt and structures. The northwest corner contains two trailers, one containing administrative offices, and the other containing the employee locker room, foreman's office, and restrooms. Both trailers were placed on the site about 20 years ago as temporary structures and are well past their useful life. The trailers are in deteriorating condition; for example, the awning on the administration trailer recently fell off, and both structures have significant wear on their siding that is creating issues with water and pest infiltration. The administration trailer has a wheelchair ramp, but the other trailer is not handicapped-accessible.

The eastern portion of the site contains several buildings for vehicle and equipment storage and maintenance. These building are a mix of concrete and masonry and have been modified over time. Each is showing substantial sign of wear, including cracked facades, broken windows, and deteriorated garage bay openings. Stormwater is handled with gutters that discharge onto the pavement and eventually into storm drains.

The remainder of the DPW site is devoted to parking for employees, the public, and vehicles and equipment; and water treatment facilities including the tanks and well, storage rooms for chemicals, and a generator. In addition, fuel tanks are present along the Chestnut Street frontage, serving DPW and other municipal vehicles.

The Director of Public Utilities reports a range of issues and constraints with the present site, including:

- DPW staff facilities are lacking both in condition and function. As noted, the trailers have deteriorated substantially. In addition, the department needs more office and administrative storage space, and has no dedicated meeting or training space.
- The area for circulation and parking is extremely limited, especially when snowplows are in use.
- Vehicle storage space is insufficient, meaning that some equipment must be stored outside, which shortens its lifespan.

- Issues of stormwater flooding, particularly along the southern and eastern portions of the site, have been noted. During heavy rains, flooding has been documented at the intersection of Chestnut and West Streets as far west as Bridge Avenue.

A reconfiguration of the DPW site to better function is highly constrained due to the water infrastructure (e.g., tanks, well, and pipes) that is on-site and cannot be relocated. As noted above, the site is designated at both an active contamination site and a brownfield, placing it under regular NJDEP monitoring.

Count Basie Site

Lots 75.02-169 and 75.02-169X contain support facilities for the Count Basie Performing Arts Center, including music instruction space and rehearsal and scenery/costume production space for Phoenix Productions, the community theater company that merged with the Count Basie in 2021. These functions are carried out in two buildings on the site, which are both served by a parking lot along the western property line. The masonry and concrete block buildings appear to be in generally good condition, as does the parking lot. However, a lack of property stormwater management means that gutters empty directly onto the pavement before reaching storm drains; this has resulted in asphalt damage due to consistent water flow. The southwest corner of the site, which has the ability to be gated from the rest of the property, appears to be serving as overflow vehicle and equipment storage for the DPW. It is not known if any agreement is in place for such use. This area was noted by the Director of Public Works as susceptible to stormwater flooding.

Block 75 (Lot 75-177 only)

Lot 75-177 is a very narrow parcel stretching from Chestnut Street at the north to Drs. James Parker Boulevard at the south. This lot contains a portion of the Red Bank Rail Yard, which extends further to the east to the NJ Transit railroad tracks. The Yard is used to house equipment and personnel responsible for maintaining the railroad, including the tracks and signal systems. About 105 NJ Transit employees work at the Rail Yard on an average weekly, with approximately 20 employees generally working on weekends. The rail right-of-way is part of the Red Bank – South Lakewood Conrail Shared Assets Operations (CSAO) non-passenger line. Lot 75-177 is gated at the northern end, with access restricted to authorized NJ Transit personnel only.

The northern portion of Lot 75-177, between Chestnut Street and Herbert Street, provides public commuter parking (Lot 4, 69 spaces), with a bus shelter along Chestnut Street. On-street employee parking continues along the lot's access road to the south. Peak utilization of employee parking is typically weekdays from 7 a.m. to 5 p.m. Between Herbert Street and East Leonard Street is a large detention basin, which extends into the adjacent parcel at the east, to the rail spur. The remainder of Lot 75-177 appears to be devoted to outdoor and indoor storage of equipment and additional parking, all to serve the maintenance of operations function of the Yard.

NJ Transit has no plans for capital improvements on Lot 75-177; however on the adjacent lot to the east, the agency plans to replace temporary trailers with a permanent crew quarters to provide office and administration space for about 30 personnel, together with additional parking. Cost of the new modular building and associated work has been estimated at \$7 million.

In terms of environmental issues, the Rail Yard property has no known NJDEP-designated issues. NJ Transit's development partner, Denholtz Properties, is completing a Phase 1 Environmental Site Assessment as part of its due diligence.

Block 75.05

Lot 75.05-16.01 is owned by an affiliate of Denholtz Properties and is reserved for parking to serve the company's headquarters at 116 Chestnut Street. At the time of the site visit in February 2024, the parking lot was not in use; however it is generally in good condition, with well-maintained surfaces, lighting, and landscaping.

Block 75.06

Lots 75.06-7 and 75.06-8.01 provide additional permit commuter parking (Lot 5, 100 spaces). Though the lot is in fairly good condition, its pavement shows more wear than the other commuter lots, with evidence of cracking and significantly faded striping. This lot appears to be more heavily utilized than the commuter lots nearer the train station.

APPLICATION OF STATUTORY CRITERIA

Introduction

The “Blighted Areas Clause” of the New Jersey Constitution empowers municipalities to undertake a range of actions to further development of blighted areas:

“The clearance, replanning, development or redevelopment of blight areas shall be a public purpose and public use, for which private property may be taken or acquired. Municipal, public or private corporations may be authorized by law to undertake such clearance, replanning, development or redevelopment; and improvements made for these purposes and uses, or for any of them, may be exempted from taxation, in whole or in part, for a limited period of time during which the profits and dividends payable by any private corporation enjoying such tax exemption shall be limited by law. The conditions of use, ownership, management and control of such improvements shall be regulated by law.” NJ Constitution, Article VIII, Section 3, Paragraph 1.

The LRHL provides that a delineated area may be determined to be in need of redevelopment if “after investigation, notice and hearing...the governing body of the municipality by resolution concludes that within the delineated area” any of the following conditions are found:

- a. The generality of buildings are substandard, unsafe, unsanitary, dilapidated, or obsolescent, or possess any of such characteristics, or are so lacking in light, air, or space, as to be conducive to unwholesome living or working conditions.
- b. The discontinuance of the use of buildings previously used for commercial, manufacturing, or industrial purposes; the abandonment of such buildings; or the same being allowed to fall into so great a state of disrepair as to be untenantable.
- c. Land that is owned by the municipality, the county, a local housing authority, redevelopment agency, or redevelopment entity, or unimproved vacant land that has remained so for a period of ten years prior to adoption of the resolution, and that by reason of its location, remoteness, lack of means of access to developed sections or portions of the municipality, or topography or nature of the soil, is not likely to be developed through the instrumentality of private capital.
- d. Areas with buildings or improvements which, by reason of dilapidation; obsolescence; overcrowding; faulty arrangement or design; lack of ventilation, light, and sanitary facilities; excessive land coverage; deleterious land use or obsolete layout; or any combination of these or other factors, are detrimental to the safety, health, morals, or welfare of the community.
- e. A growing lack or total lack of proper utilization of areas caused by the condition of the title, diverse ownership of the real property therein, or other similar conditions which impede land assemblage or discourage the undertaking of improvements, resulting in a stagnant and unproductive condition of land potentially useful and valuable for contributing to and serving the

public health, safety, and welfare, which condition is presumed to have a negative social or economic impact or otherwise being detrimental to the safety, health, morals, or welfare of the surrounding area or the community in general.

- f. Areas in excess of five contiguous areas, whereon buildings or improvements have been destroyed, consumed by fire, demolished, or altered by the action of storm, fire, cyclone, tornado, earthquake, or other casualty in such a way that the aggregate assessed value of the area has been materially depreciated.
- g. In any municipality in which an enterprise zone has been designated pursuant to the New Jersey Urban Enterprise Zone Act, the execution of the actions prescribed in that act for the adoption by the municipality and approval by the New Jersey Urban Enterprise Zone Authority of the zone development plan for the area of the enterprise zone shall be considered sufficient for the determination that the area is in need of redevelopment for the purpose of granting tax exemptions or the adoption of a tax abatement and exemption ordinance.
- h. The designation of the delineated area is consistent with smart growth planning principles adopted pursuant to law or regulation.

The statute defines redevelopment to include “clearance, replanning, development and redevelopment; the conservation and rehabilitation of any structure or improvement; the construction and provision for construction of residential, commercial, industrial, public, or other structures; and the grant or dedication of spaces as may be appropriate or necessary in the interest of the general welfare for streets, parks, playgrounds, or other public purposes, including recreational and other facilities incidental or appurtenant thereto, in accordance with a redevelopment plan.

It should be noted that, under the definition of “redevelopment area” and “area in need of redevelopment” in the LRHL, individual properties, blocks, or lots that do not meet any of the statutory conditions above may still be included within an area in need of redevelopment, provided that within the area as a whole, one or more of the expressed conditions are prevalent. This provision is referred to as **Section 3** and is set forth under N.J.S.A. 40A-12A-3, which states that:

“a redevelopment area may include lands, buildings, or improvements which of themselves are not detrimental to public health, safety, or welfare, but the inclusion of which is found necessary, with or without change in this condition, for the effective redevelopment of the area of which they are a part.”

Redevelopment Case Law Background

There is an extensive case law history involving redevelopment in New Jersey, primarily concerning: 1) the evidentiary thresholds for supporting a redevelopment designation, and 2) the precise meaning of “blight” that meets both the statutory criteria in the LRHL and the State Constitution.

The most pertinent case is a 2007 New Jersey Supreme Court decision, *Gallenthin Realty v. Borough of Paulsboro* (“Gallenthin”), which established precedence regarding both the standard of proof for

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redevelopment designation and for the definition of blight. According to the case, a “municipality must establish a record that contains more than a bland recitation of the statutory criteria and declaration that those criteria are met.” Here, the Court noted that municipal redevelopment designations must be supported by substantial evidence on the record, based on a specific and thoughtful application of the statutory criteria to the existing conditions of properties being studied. In addressing the meaning of “blight, *Gallenthin* found that only parcels that are truly “blighted” should be designated as “in need of redevelopment,” and further noted that parcels designated using criterion “e” should be confirmed to be underutilized due to the condition of the title and diverse ownership of the real property. Previously municipalities often used criterion “e” as a “catch-all” to apply to property that was not put to optimum use and may have been more financially beneficial if redeveloped. The *Gallenthin* decision acted to constrain the scope of property that previously was considered to qualify as “in need of redevelopment,” and highlighted the need to exercise due diligence when the basis of the redevelopment designation is underutilization or obsolescence.

However, a later Supreme Court case, *62-64 Main Street LLC v. Mayor & Council of the City of Hackensack* (2015) clarified that a blight designation does not require a finding that the property in question “negatively affects surrounding properties.” This decision has been interpreted as generally making it easier for municipalities to designate properties as in need of redevelopment, although the Court again cautioned municipalities of their “obligation to rigorously comply with the statutory criteria for determining whether an area is in need of redevelopment.”

Lastly, a 2004 court case is particularly relevant to this study area, given the significant presence of surface parking. In *Concerned Citizens of Princeton Inc. v. Mayor & Council of the Borough of Princeton*, the Appellate Division found that the redevelopment designation of a surface parking lot in downtown Princeton was supported by substantial evidence of “obsolescence” detrimental to the welfare of the community. In this case, the court accepted the experts’ reasons that the surface parking was “not fully productive” and brought “no tax revenue to the Borough,” and that the lot “negatively affected [Princeton’s] economic vitality” because it impeded walkability for shoppers and visitors. As this case predates the *Gallenthin* decision, it must be interpreted in the context of the Supreme Court’s admonition to undertake a detailed application of the statutory criteria for “area in need of redevelopment” designation, and not rely on broad interpretations of underutilization.

The above case law has been carefully considered in the evaluation of the study area properties on whether they meet the criteria for redevelopment designation.

Evaluation of Study Area by Statutory Criteria

The table below summarizes this report’s conclusions on the applicability of the statutory criteria in the LRHL (see p. 6-7 above) to each parcel within the study area. Following the table is a discussion of how the criteria apply to each parcel. In summary, the results of the preliminary investigation indicate that all of the study area, with the exception of Block 41, Lot 8, meets the criteria for designation as an “area in need of redevelopment” in accordance with N.J.S.A. 40:12A, as described below.

Table 3: Summary of Statutory Criteria

| Block/Lot | Size (Acres) | Criteria | | | | | | | Section 3 |
|-------------------|--------------|----------|---|---|---|---|---|---|-----------|
| | | A | B | C | D | E | F | G | |
| 41-1 | 0.41 | | | | x | | | | x |
| 41-3 | 1.01 | | | | x | | | | x |
| 41-4 | 0.34 | | | | x | x | | | x |
| 41-5 | 0.28 | | | | x | | | | x |
| 41-5-B01 | N/A | | | | x | x | | | x |
| 41-6.01 | 0.09 | | | | x | | | | x |
| 41-6.02 | 0.08 | | | | | | | x | x |
| 41-7 | 0.43 | | | | | | | x | x |
| 41-8 | 0.09 | | | | | | | x | |
| 63-6 ¹ | 0.11 | | | | x | | | | x |
| 63-7 | 0.33 | | | | x | | | | x |
| 63-7.01 | 0.47 | | | | x | | | | x |
| 75-171 | 0.04 | x | | | x | | | | |
| 75-177 | 4.88 | | | | x | | | | x |
| 75.02-169 | 1.52 | | | | | | | | x |
| 75.02-170.01 | 1.15 | x | | | x | | | | |
| 75.05-16.01 | 0.85 | | | | x | | | | x |
| 75.06-7 | 0.16 | | | | x | | | | x |
| 75.06-8.01 | 0.71 | | | | x | | | | x |

¹ Block 63, Lot 6 includes Lot 5.01, which is identified on the land survey but is not found in tax or GIS records. Lot 5.01 is indistinguishable from Lot 6, with both providing train station parking.

Criterion A

The generality of buildings are substandard, unsafe, unsanitary, dilapidated, or obsolescent, or possess any of such characteristics, or are so lacking in light, air, or space, as to be conducive to unwholesome living or working conditions.

This criterion applies to the DPW site, Blocks 75-171 and 75.02-170.01. As discussed above, most of the structures on the property are either well past their useful life (in the case of the trailers) or in a deteriorated condition such that they impede the necessary operation of a municipal public works facility and create potential issues affected safety and environmental quality. The site has insufficient space for safe and functional parking, circulation, and storage of necessary materials, and the buildings are inadequate to serve the needs of employees.

Criterion B

The discontinuance of the use of buildings previously used for commercial, manufacturing, or industrial purposes; the abandonment of such buildings; or the same being allowed to fall into so great a state of disrepair as to be untenantable.

None of the parcels in the study area meet this criterion.

Criterion C

Land that is owned by the municipality, the county, a local housing authority, redevelopment agency, or redevelopment entity, or unimproved vacant land that has remained so for a period of ten years prior to adoption of the resolution, and that by reason of its location, remoteness, lack of means of access to

developed sections or portions of the municipality, or topography or nature of the soil, is not likely to be developed through the instrumentality of private capital.

None of the parcels in the study area meet this criterion. Although a number of individual parcels are owned by municipal or other public entity (i.e., NJ Transit), we do not believe that they meet the threshold for Criterion C. All parcels in the study area are well-located within Red Bank, have full access to developed areas, and exhibit topography and other conditions that could offer development potential.

Criterion D

Areas with buildings or improvements which, by reason of dilapidation; obsolescence; overcrowding; faulty arrangement or design; lack of ventilation, light, and sanitary facilities; excessive land coverage; deleterious land use or obsolete layout; or any combination of these or other factors, are detrimental to the safety, health, morals, or welfare of the community.

This criterion applies to the following parcels:

- **Block 41, Lots 1, 3, 4, 5, 5-B01, and 6.01:** Lots 1, 3, and 4 are commuter parking lots, which appear to be highly underused and represent an obsolete and inefficient solution to Red Bank's utilization of land. The large paved areas disrupt the otherwise walkable street grid, create a heat island effect, and exacerbate stormwater management issues. They also serve the divide the Shrewsbury Avenue local business corridor from Red Bank's downtown core. As noted in the 2023 Master Plan:

Smart and creative infill development in this area [at and near the train station] creates an opportunity to restore aspects of the street grid that were disrupted by rail infrastructure, stitching together the east and west sides of Red Bank. The revitalization of the train station area also promotes the use of mass transit and is envisioned to support economic development through establishing additional commercial uses as well as providing for improved connectivity to existing commercial uses in the Borough.

The parking lot areas would benefit from more modern and thoughtful development that maintains access to the train station while improving multimodal connectivity and design aesthetics, reducing impervious coverage, and creating a sense of place.

Lots 5 and 6.01 are associated with the existing auto repair facility found on Lot 7 in the same block. They represent an inefficient and inappropriate use of land that is steps from a commuter rail station and within a dense downtown environment. Lot 5 is in poor condition due to deteriorated pavement, while Lot 6.01 also exhibits pavement issues and, in its current configuration, lacks direct access to a street. Lot 5-B01 contains a billboard, which is a prohibited use in the Borough. The Master Plan supports the elimination over time of these nonconforming structures, which it notes detract from "the character and aesthetic value" of the downtown.

- **Block 63, Lots 6, 7, and 7.01:** These are commuter lots, which like those discussed above are significantly underused and inappropriate within a dense, transit-oriented area.

- **Block 75, Lots 171 and 177:** Lot 171 is part of the DPW site which, as discussed above under Criterion A, has deteriorated structures, a faulty layout, and inadequate facilities – all of which make it functionally obsolete. The Master Plan noted these issues with the DPW site, recommending the Borough undertake analysis and planning for options to improve the facility, potentially through expansion onto the adjacent privately owned site. This option was previously identified in a study undertaken for the Borough.

Lot 177 contains commuter parking and a portion of the Red Bank Rail Yard. The parking portion, like the lots discussed above, is an inappropriate use of land within a transit-oriented, downtown area. Although the lot appears to be more utilized than those closer to the station, utilization remains below pre-pandemic levels, reflecting long-term shifts in the nature of work and commutation. The rest of this lot serves the rail maintenance operations. Although this function is critical and must remain, the inefficient arrangement of the parcel means that a large amount of land area is devoted to employee parking, outdoor storage, and a detention pond whose purpose and need are not clear.

- **Block 75.02, Lot 170.01:** This lot contains the bulk of the DPW facility and meets Criterion D for the reasons discussed above.
- **Block 75.05, Lot 16.01:** This privately owned parking lot does not appear to be in use. Even more so than the commuter lots, it represents an inefficient and inappropriate use of land proximate to transit, and is not consistent with the Master Plan's vision for transit-oriented development. In addition, the presence of this large, unoccupied lot detracts from the adjacent nonprofit and residential uses to the west.
- **Block 75.06, Lots 7 and 8.01:** These commuter lots, like those discussed above, are underused and inappropriate within a dense, transit-oriented area.

Criterion E

A growing lack or total lack of proper utilization of areas caused by the condition of the title, diverse ownership of the real property therein, or other similar conditions which impede land assemblage or discourage the undertaking of improvements, resulting in a stagnant and unproductive condition of land potentially useful and valuable for contributing to and serving the public health, safety, and welfare, which condition is presumed to have a negative social or economic impact or otherwise being detrimental to the safety, health, morals, or welfare of the surrounding area or the community in general.

This criterion applies to Block 41, Lots 4 and 5-B01. Lot 4 is owned by NJ Transit and functions, together with the adjacent Lot 3, as commuter parking. However, this lot is severely constrained by the presence, via easement, of the high-tension electrical lines, along with the narrowness of the lot, which would limit development potential even without the utilities. Lot 5-B01 is not a buildable lot due to size, and contains only a billboard, which is a prohibited use. It is not clear whether the owner of this lot, which also holds several lots in this block, also owns the billboard itself. If any leasing arrangement are in place for the

billboard structure, this would impair the ability of Lot 5-B01 to be developed, even if assembled with other parcels as it has been.

Criterion F

Areas in excess of five contiguous areas, whereon buildings or improvements have been destroyed, consumed by fire, demolished, or altered by the action of storm, fire, cyclone, tornado, earthquake, or other casualty in such a way that the aggregate assessed value of the area has been materially depreciated.

None of the parcels in the study area meet this criterion.

Criterion G

In any municipality in which an enterprise zone has been designated pursuant to the New Jersey Urban Enterprise Zone Act, the execution of the actions prescribed in that act for the adoption by the municipality and approval by the New Jersey Urban Enterprise Zone Authority of the zone development plan for the area of the enterprise zone shall be considered sufficient for the determination that the area is in need of redevelopment for the purpose of granting tax exemptions or the adoption of a tax abatement and exemption ordinance.

None of the parcels in the study area meet this criterion.

Criterion H

The designation of the delineated area is consistent with smart growth planning principles adopted pursuant to law or regulation.

The majority of the study area parcels meet this criteria, because their redevelopment would be consistent with smart growth planning principles, as consistent with the Master Plan's recommendation for creation of a new TOD zoning district and establishment of a Transit Village.² The parcels that do not meet Criterion H are the DPW and Count Basie sites (Lots 75-171, 75.02-169, and 75.02-170.01). These are not designated in the Master Plan as targeted for TOD.

As noted in the *Complete Guide to Planning in New Jersey (Fourth Edition, 2018)*, published by the New Jersey Chapter of the American Planning Association, the standards for meeting criteria "h" have not been established since this criterion was added to the LRHL in 2003. Thus, according to the *Redevelopment Handbook: A Guide to Rebuilding New Jersey's Communities (Second Edition, 2011)*, "it would be prudent to consider its use to supplement one or more of the other criteria and not as the sole basis of a redevelopment designation."

However, the *Complete Guide to Planning in New Jersey* further notes that a number of State agencies have formulated rules and policies regarding smart growth that factor into allocating the State's investments and resources. As a result, "it can be argued that a site, considered to be located in a "smart growth area" according to a State agency's definition, should satisfy the 'h' criteria.

² See Red Bank Master Plan, Figure 43, p. 98.

The New Jersey Department of Community Affairs has designated as “Smart Growth Areas” those areas of the state that are in metropolitan or suburban planning areas, designated centers, Meadowlands smart growth areas, Pinelands smart growth areas, and villages and towns. As noted above, Red Bank was previously designated as a Regional Center, which would thus fall within that designation. Although the designation expired in 2022, the Borough is seeking reinstatement as part of the State Plan Endorsement Process.

The Smart Growth principles established by the Smart Growth Network and cited by the U.S. Environmental Protection Agency include:

- Mix land uses.
- Take advantage of compact building design.
- Create a range of housing opportunities and choices.
- Create walkable neighborhoods.
- Foster distinctive, attractive communities with a strong sense of place.
- Preserve open space, farmland, natural beauty, and critical environmental areas.
- Strengthen and direct development towards existing communities.
- Provide a variety of transportation choices.
- Make development decisions predictable, fair, and cost effective.

Section 3

“...lands, buildings, or improvements which of themselves are not detrimental to public health, safety, or welfare, but the inclusion of which is found necessary, with or without change in this condition, for the effective redevelopment of the area of which they are a part.”

Section 3 of the LRHL applies to Block 41, Lots 6.02 and 7; Block 75.02, Lot 169. Lot 41-6.02 is a single-family home in fair condition, and only meets Criterion H, by virtue of its location within the area identified by the Master Plan for TOD. However, designation of this property as in need of redevelopment would help to effectuate a stronger potential design, as it would allow potential development to be “squared off” at the corner of Oakland and West Streets, providing for additional street frontage and site access.

Similarly, Lot 41-7, the auto repair facility, does not by itself meet any of the development criteria except Criterion H. However, it functions together with Lots 41-5 and 41-6.01, which do meet other criteria. If these other sites are potentially redeveloped, the current use of Lot 41-7 would be severely constrained, as it would lose adjacent parking areas that are likely required in the course of auto repair operations.

Lastly, Lot 75.02-169 does not meet any of the redevelopment criteria, but its inclusion in a redevelopment designation would greatly enhance the potential for the adjacent DPW site to be reconfigured and upgraded to better function. In particular, the southwest portion of Lot 169 does not appear to be serving the rest of the site and could be combined with the adjoining lot to make additional room for DPW-related operations. Such a use of this portion of Lot 169 also creates the opportunity to improve stormwater conditions that affect both lots and the wider area.

PLANNING CONCLUSION

This analysis reveals that the study area, with the exception of Block 41, Lot 8, displays characteristics that justify its designation as a redevelopment area in accordance with the statutory criteria. Lot 8 only meets Criterion H, given its location within the area identified in the Master Plan for TOD. State planning policy and case law suggest that meeting Criterion H alone is not sufficient to justify redevelopment designation.

If a redevelopment designation is desired to be undertaken by the Borough, the following steps would be necessary:

1. Upon the Planning Board's hearing on the preliminary investigation to determine whether the proposed area is a redevelopment area, the Planning Board is required to forward its recommendation to the Governing Body as to whether or not the area should be designated as an area in need of redevelopment.
2. After receiving the recommendation of the Planning Board, the Governing Body may adopt a resolution designating the delineated site for redevelopment.
3. The Governing Body, after adopting a resolution to delineate the redevelopment area, may direct the Planning Board to prepare a redevelopment plan pursuant to the applicable redevelopment statute. The redevelopment plan would then be prepared by the Planning Board and subsequently forwarded to the Governing Body for adoption. The redevelopment plan is required to include an outline for the planning, development, redevelopment, or rehabilitation of the project area sufficient to indicate:
 - a. The relationship to define local objectives as to appropriate land uses; population density; traffic, public transportation, utilities, recreation and community facilities, and other public improvements.
 - b. Proposed land uses and building requirements in the study area.
 - c. Adequate provision for the temporary and permanent relocation, as necessary, of residents in the project area, including an estimate of the extent to which decent, safe, and sanitary dwelling units affordable to displaced residents will be available in the existing local housing market.
 - d. Identification of any property within the redevelopment area that is proposed to be acquired in accordance with the redevelopment plan.
 - e. Any significant relationship of the redevelopment plan to the master plans of contiguous municipalities, the County master Plan, and the State Development and Redevelopment Plan.