

SENATE, No. 1408

STATE OF NEW JERSEY 221st LEGISLATURE

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Sponsored by:

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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.



(Sponsorship Updated As Of: 3/17/2025)

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 P.L. ,
40 c. (C.) (pending before the Legislature as this bill), and the
41 application for development complies with the following
42 requirements:

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

45 (2) the application proposes to either:

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

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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 shall be
5 reserved as low income housing, moderate income housing, or very
6 low income housing, as those terms are defined in section 4 of
7 P.L.1985, c.222 (C.52:27D-304). Of the units reserved as low
8 income housing, moderate income housing, or very low income
9 housing, at least 50 percent within each bedroom distribution shall
10 be low income housing including at least 13 percent within each
11 bedroom distribution as very low income housing, and the units
12 shall be otherwise in compliance with the Uniform Housing
13 Affordability Controls, adopted to implement P.L.1985, c.222
14 (C.52:27D-301 et seq.).

15 c. The planning board shall approve an application for
16 development to convert an eligible property to a mixed-use
17 development if the board determines that:

18 (1) the application can be granted without causing substantial
19 detriment to the public good and without substantially impairing the
20 intent and purpose of the zone plan and zoning ordinance, and

21 (2) the application complies with the other requirements of this
22 section.

23 d. The planning board may condition approval of an application
24 for development to convert an eligible property to a mixed-use
25 development upon complying with requirements for parking, water
26 supply, sanitary sewer capacity, storm water management, bulk
27 standards, and all reasonable site plan review, recreation, and
28 design standards provided, however, that the height and setback
29 limitations applicable to a converted mixed-use development shall
30 be the greatest height and least restrictive setback limitations
31 allowed within the zoning district under municipal ordinance or
32 variance approved by the planning board.

33
34 3. This act shall take effect immediately.
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37 STATEMENT
38

39 This bill would establish a limited preemption from local zoning
40 regulations for applications to convert certain office parks and retail
41 centers into mixed-use developments. Office parks and retail
42 shopping centers located within suburban parts of the State have
43 been termed “stranded assets” and that one of the problems
44 inhibiting the reuse or redevelopment of these properties is zoning
45 regulations which restrict their development to a single land use.

46 This bill seeks to spark interest among property owners to
47 develop these sites by establishing a two-year window of time
48 within which a developer may submit an application to convert an

1 eligible property into a mixed-use development without being
2 constrained by outdated zoning ordinances. The bill defines
3 “eligible property” as an office park of at least 50,000 square feet or
4 a retail center of at least 15,000 square feet, which office park or
5 retail center has a vacancy rate of at least 40 percent.

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

- 13 • proposes to develop at least two types of uses;
- 14 • proposes to either:
 - 15 ○ reuse the existing building or buildings without expanding
 - 16 their square footage, or
 - 17 ○ redevelop the eligible property without expanding the square
 - 18 footage of the building or buildings on the eligible property.

19 Furthermore, under the bill, if the application for development to
20 convert an eligible property to a mixed-use development proposes
21 construction of new residential units, at least 20 percent of the
22 residential units constructed are required to be reserved as low
23 income housing, moderate income housing, or very low income
24 housing, as those terms are defined in N.J.S.A.52:27D-304. Of the
25 units reserved as low income housing, moderate income housing, or
26 very low income housing, at least 50 percent within each bedroom
27 distribution are required to be reserved as low income housing,
28 including at least 13 percent within each bedroom distribution as
29 very low income housing.

30 The bill would require a planning board to approve an
31 application to convert an eligible property to a mixed-use
32 development if the board determines that:

- 33 • the application can be granted without causing substantial
34 detriment to the public good and without substantially
35 impairing the intent and purpose of the zone plan and zoning
36 ordinance, and
- 37 • the application complies with the other requirements of this
38 section.

39 While freeing developers of these properties from municipal use
40 restrictions, the bill retains local control over other aspects of the
41 approval of an application to convert an eligible property to a
42 mixed-use development. The bill specifically authorizes planning
43 boards to condition approval of an application to convert an eligible
44 property to a mixed-use development upon complying with
45 requirements for parking, water supply, sanitary sewer capacity,
46 storm water management, bulk standards, and all reasonable site
47 plan review, recreation, and design standards. However, the bill
48 imposes one limitation on this grant of authority by providing that

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- 1 the height and setback limitations applicable to a converted mixed-
- 2 use development will be the greatest height and least restrictive
- 3 setback limitations allowed within the zoning district under
- 4 municipal ordinance or variance approved by the planning board.