

PRELIMINARY REHABILITATION ASSESSMENT
FOR THE BOROUGH OF SEASIDE HEIGHTS

Prepared for the Borough of Seaside Heights Redevelopment Agency

By

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Introduction

The purpose of this report is to determine whether the entirety of the Borough of Seaside Height could qualify as an Area in Need of Rehabilitation pursuant to the definitions set forth within the Local Redevelopment and Housing Law (NJSA 40:12A-1 et. seq., herein referred to as the LRHL). According to the state law, "Rehabilitation" means an undertaking, by means of extensive repair, reconstruction or renovation of existing structures, with or without the introduction of new construction or enlargement of existing structures, in any area that has been determined to be in need of rehabilitation or redevelopment, to eliminate substandard structural or housing conditions and arrest the deterioration of that area.

The designation of this area as such would permit the Borough or the Redevelopment Agency to utilize all the powers of redevelopment **except eminent domain**. This designation is an attractive proposition when the acquisition, clearance and assemblage of properties is not required or where the rehabilitation of the existing buildings and structures is the primary objective. This designation also allows municipalities to grant five year tax abatements and exemptions that may encourage private property owners to rehabilitate and reinvest in their properties. It may also be used in conjunction with other redevelopment projects and initiatives as part of a comprehensive strategy. Under the State Economic Stimulus Act adopted in 2009, a Revenue Allocation District can be created for an Area in Need of Rehabilitation which will allow for the issuance of tax increment financing bonds for redevelopment.

This Draft Report is provided to preliminarily determine if the Study Area discussed at the November 1, 2010 Redevelopment Agency would meet the criteria to declare an area in need of rehabilitation and to outline proposed next steps. Further detailed analysis and discussion of project specific areas is necessary in order to finalize a rehabilitation report.

Area in Need of Rehabilitation Designation Criteria

In order to designate an area in need of rehabilitation, the study area must exhibit one of the two conditions:

- Significant portion of structures are deteriorated or substandard; there is a continuing pattern of vacancy, abandonment, underutilization in the area; and a "persistent arrearage" of property taxes; or

- More than half of housing stock in the delineated area is more than 50-yrs old or a majority of water and sewer infrastructure is at least 50 years old and is need of repair or substantial maintenance.

In addition, the governing body must determine that a program of rehabilitation as defined by the LRHL may be expected to prevent further deterioration and promote the overall development of the community.

A final rehabilitation report and investigation is aimed at determine whether the Study Area meets the statutory criteria discussed below, in order to be identified as an Area in Need of Rehabilitation and therefore does not contain the level of detail and complexity contained in a redevelopment plan. While the Local Redevelopment and Housing Law (LRHL) does not require an investigation or that the designation be based on a map or statement of findings, it is always advisable that supporting documentation for the criteria be provided.

Approach to determining the satisfaction of the Set Criteria

The first step is to examine whether the subject area, which in this case is the entirety of the Borough satisfies one of the two criteria referenced above. To that end, the following steps are required to be undertaken:

1. The first step would be to obtain evidence of substandard or deteriorated buildings or a pattern of vacancy and abandonment. Evidence of building conditions may be found during a site visit and in the course of conducting exterior surveys, while the vacancy patterns can be obtained through an examination of code-enforcement records. In satisfying this criterion, it is not necessary to show that the deterioration constitutes a threat to the people who live and work in the area.
2. In the alternative, one could review the housing stock to make a determination of how many parcels of lots contain houses that were built in 1960 and prior to 1960 or if the majority of the existing water and sewer infrastructure is at least 50 years old and is in need of repair or substantial maintenance. The age of the housing stock may be documented through the United States Census Bureau housing data, broken down to the Census Tract or block group level. Information regarding the age of water and sewer systems may be obtained from the local public and private utilities, which can also provide information regarding the need of repair or substantial maintenance of the infrastructure.

In order to conduct the preliminary assessment, 2000 Census data was reviewed along with the review of the tax records from the New Jersey Parcel Mapping database and tax records from

Ocean County Tax Assessor's website. The 2000 Census data was used as the 2010 Census data was not available at the time of this documents preparation. The existing land uses are depicted in Table 1 below and shown on the existing land use map provided, while the tenure of housing is depicted in Table 2, below.

The existing land uses in the Borough consist of the following:

Class	Number	Percent
Vacant	112	5.39%
Residential	1757	84.55%
Commercial	153	7.36%
Industrial	0	0.00%
Tax Exempt	55	2.65%
Other	1	0.05%
Total Parcels	2,078	100.00%

Seaside Heights Borough is located within Census tract 7280 and Block Groups 1 and 6.

Housing Tenure	Block Group 1	Block Group 6	Total	Percentage
Built 1999 to March 2000	0	0	0	0.00%
Built 1995 to 1998	0	0	0	0.00%
Built 1990 to 1994	47	0	47	3.34%
Built 1980 to 1989	107	80	187	13.28%
Built 1970 to 1979	193	59	252	17.90%
Built 1960 to 1969	226	29	255	18.11%
Built 1950 to 1959	185	54	239	16.97%
Built 1940 to 1949	84	112	196	13.92%
Built 1939 or earlier	144	88	232	16.48%
Total Housing Built prior to 1960			922	65.48%
Total Housing			1,408	100.00%

Source: 2000 US Census

As depicted in Table 1 above, 65.48 percent of the total housing is more than 50 years old; therefore the Borough of Seaside Heights satisfies one of the criteria established for designating the same as an Area in Need of Rehabilitation. Any program of rehabilitation will assist the owners in improving their properties and in preventing deterioration to the structures. The primary objective of this designation would be to rehabilitate existing structures and to prevent further deterioration within the Township.

Apart from the general area criteria for designating an area in need of rehabilitation, it is recommended to see if there are any environmental characteristics that indicate that public intervention using the powers offered by the LRHL to stimulate private redevelopment in an area otherwise conducive to smart growth redevelopment activity. The other would be to identify the economic productivity of the properties. Economic productivity of a property is the ratio of the assessed value of the improvements on the property to the value of the land. This information is found in the local property tax records. Developed properties in economically viable areas typical have an improvement-to-land ratio of 2:1 or greater and that anything less than that may offer evidence of underutilization. This means that the land is worth more than the improvements on it.

Upon a preliminary review of tax records obtained from New Jersey Parcel Mapping Database, out of the total 1,910 properties assessed as residential, commercial and industrial there are 1,714 or 89.73 percent of the total properties that exhibit an improvement-to-land ratio of less than 1:1. Similarly only 35 properties or 1.83 percent of the total properties that exhibit an improvement-to-land ratio of 2:1 or greater than 2:1. In conclusion, based upon our preliminary assessment the majority of properties within the Borough, the land value is worth more than the improvements located on it.

Implementation of the Plan

Upon adoption of a rehabilitation plan pursuant to Section 7 of P.L. 1992 c. 79 (C.40A:12A-7), the municipality or redevelopment entity designated by the governing body may proceed with the clearance, planning, development and rehabilitation of the designated areas. The redevelopment authority may:

1. Acquire property through lease or purchase but not through eminent domain.
2. Prepare plans for the voluntary repair and rehabilitation of buildings and improvements.
3. Acquire property options or property rights or furnish property, facilities or services, but not through the use of eminent domain.
4. Undertake rehabilitation projects, and for this purpose issue bonds in accordance with the provisions of section 29 of P.L. 1992, c. 79 (C. 40A:12A-29) and issue bonds.
5. Borrow money, receive grants/loans, and provide monies to (re-)developers.
6. Clear, construct or reconstruct any infrastructure or site improvements.

7. Prepare or arrange by contract for the provision of professional services and the preparation of plans by licensed professionals and/or other consultants for the carrying out of redevelopment projects.
8. Contract with public agencies or (re-)developers for the planning, construction or undertaking of all or any portion of the Rehabilitation Project.
9. Arrange or contract with public agencies or (re-)developers for the opening, grading, or closing of streets, roads, alleys or other places.
10. Lease or convey property or improvements without public bidding.
11. Enter upon buildings or property for conduct of investigators or surveys.
12. Carry out a voluntary rehabilitation program and develop plans for the enforcement of codes and regulations relating to use and occupancy, rehabilitation, and if necessary, the demolition and removal of buildings or improvements.
13. Request the designation of particular areas in need of rehabilitation.
14. Prepare plans for the enforcement of regulations relating to use and occupancy of buildings and improvements, and to the compulsory repair, rehabilitation, demolition or removal of buildings and improvements.
15. Publish and disseminate information concerning any rehabilitation area, plan, or project.
16. Pursue any other convenience or necessary avenues in order to carry out all the powers allowed under the rehabilitation statute.

Options after the Rehabilitation Study

Following the rehabilitation study there are two possible next steps, the first being the development of a rehabilitation plan, and the second the development of a redevelopment plan. The rehabilitation plan may include the repair and improvement of residential and non residential buildings and structures in an area in need of rehab, independently or as part of a redevelopment plan. The Rehabilitation plan does not have as much "teeth" as a redevelopment plan in that it is voluntary work of the property owner guided by a set of suggested standards.

However, a redevelopment plan may be developed for areas that have been designated in need of rehabilitation, and may use all the redevelopment powers specified in Section 8 of the LRHL, except the use of eminent domain. In order to use those powers (except eminent domain) a redevelopment plan must be adopted by ordinance for the area. The designation as a

redevelopment area gives flexibility in creating new zoning and land use controls, design standards, allows a change of use without variances and allows for the designation of developers.