

STATE OF NEW JERSEY

EXECUTIVE DEPARTMENT

September 10, 2014

ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY BILL NO. 441
(First Reprint)

ADVANCE COPY

To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Assembly Committee Substitute for Assembly Bill No. 441 (First Reprint) without my approval.

This bill authorizes municipalities to establish "land banks" - municipal or non-profit entities that acquire vacant or abandoned properties, demolish derelict buildings, and then sell the land when a suitable redevelopment opportunity presents itself. Proponents of land banks believe that these entities can help remove blight, especially in urban centers.

The land bank experiment has been attempted in other jurisdictions, but results have been mixed and in some instances has made matters worse. Notably, land banks have been used as vehicles for fraud and kick-back schemes. Even where there are the best of intentions, however, the potential for mismanagement is great. Indeed, land banks have been known to hoard properties, leading to the crowding out of development and corrosion of the property tax base, since banked properties will not generate tax revenue.

Moreover, the land banking concept runs contrary to free market principles. Rather than allowing the market to determine how real estate should be bought, sold, and put to use, land banking places unwarranted faith in unelected central planners to pick winners and losers. I do not believe this approach will drive the best use of underutilized property in our State's cities.

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At a minimum, I would have expected this land banking bill passed by the Legislature to contain provisions calling for strict oversight of land banks by the State. Remarkably, the bill provides the State with no role whatsoever. In terms of transparency and supervision, the bill requires a land banking agreement to provide for only "such municipal oversight [of land banks] as the municipality deems necessary and appropriate." The bill would require each land bank to form a "community advisory board" and provide the board with "adequate information and opportunity to provide valued input into the decisions" of the land bank. While these boards could serve a useful purpose, community advisory boards are hardly a substitute for credible oversight, and would likely be unable to prevent fraud and mismanagement.

Accordingly, I herewith return Assembly Committee Substitute for Assembly Bill No. 441 (First Reprint) without my approval.

Respectfully,

[seal] /s/ Chris Christie
Governor

Attest:

/s/ Christopher S. Porrino
Chief Counsel to the Governor