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Appellate Division Affirms Broad Municipal Authority Under LRHL To Negotiate Redeveloper Payments

On March 6, the Superior Court of New Jersey, Appellate Division, issued a published opinion upholding a trial court ruling in favor of the City of Long Branch (the City), affirming the legality of a redevelopment plan amendment and a $2 million payment made by the redeveloper to the City, as part of a redevelopment agreement. The decision in *Blackridge Realty, Inc. v. City of Long Branch, A-1400-23, 2025 WL 715100* (N.J. Super. Ct. App. Div. Mar. 6, 2025) reinforces that municipalities have broad discretion under the Local Redevelopment and Housing Law ("LRHL") to negotiate payments with redevelopers without a direct connection between the payment and the specific redevelopment project.

The dispute arose when Blackridge Realty Inc., a former designated developer, challenged the City's 2020 amendment to the Oceanfront-Broadway Redevelopment Plan. The amendment relaxed several restrictions, including by removing density limits, increasing building heights and expanding coverage allowances. The City approved these changes, finding them consistent with its Master Plan. As part of its redevelopment agreement, the designated redeveloper, 290 Ocean LLC, agreed to pay the City $2 million, which was later allocated to renovations of the City's senior center, as seniors were allegedly impacted by the redevelopment of the City's waterfront.

Blackridge filed suit, arguing that the payment was unlawful because it lacked a direct connection to the redevelopment project. It further claimed that its consent was required before the City could amend the plan, given its prior designation as a developer. Blackridge also alleged that the amendment constituted impermissible spot zoning, benefiting 290 Ocean at the expense of other property owners.

The trial court granted summary judgment in favor of the City and 290 Ocean, rejecting all of Blackridge's claims. On appeal, the Appellate Division affirmed the ruling, holding that the City acted within its statutory authority under the LRHL.

On the legality of the $2 million payment, the central issue of this opinion, the court emphasized that the LRHL does not require a direct nexus between a financial contribution from a redeveloper and the specific costs of the redevelopment project. Unlike the Municipal Land Use Law, which mandates that financial contributions from developers be tied to off-tract improvements necessitated by a development, the LRHL allows municipalities to negotiate payments to support redevelopment goals more broadly. Specifically, the LRHL empowers a municipality to "negotiate and collect revenue from a redeveloper to defray the costs of the redevelopment entity" in order "to carry out and effectuate the purposes of the LRHL and the terms of the municipality's redevelopment plan." The court noted that the statute explicitly uses the term "negotiate," indicating that the Legislature intended to permit municipalities to determine payment amounts through negotiation rather than a fixed formula. In this case, the court found that the $2 million payment was negotiated at arm's length, was publicly disclosed and served a redevelopment purpose by funding improvements to a community facility that was affected by the redevelopment plan. Because the statute explicitly grants municipalities discretion to negotiate such terms, the payment was deemed lawful. The court spoke of the importance of transparency in connection with the negotiated payment and what it would be used for and said lack of transparency could potentially invalidate such a payment. However, the court noted in this case that there was no lack of transparency, as the City adopted an ordinance authorizing the payment's use for7 the impacted community facility.

The ruling in *Blackridge Realty, Inc. v. City of Long Branch* makes clear that municipalities in New Jersey have broad authority under the LRHL to negotiate payments from redevelopers without a "causal connection between the payment and the redeveloper's project" as long the municipality can demonstrate the payment is used for its general costs associated with redevelopment. For developers, this decision could add a layer of uncertainty, as it opens the door to negotiated payments that may be driven more by municipal priorities than direct project-related expenses.

For more information on this decision or on redevelopment matters, please contact the Day Pitney land use team.

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