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May 24, 2010

CLIENT ALERT

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***Supreme Court Rules that actual notice of blight designation is limited
to owners of record and not to commercial tenants***

In the case of *Iron Mountain Information Management Inc. v. the City of Newark*, Sup. CT. (per curiam) A-100-8, the plaintiff company sued the City of Newark respecting a redevelopment plan that would have resulted in the condemnation of the property in which it was a tenant. The company argued that its long term lease containing an option to purchase, entitled it to receive the same statutory notice as the property owner, that is to say, that its purchase option gave it an "ownership" interest, thereby entitling it to the same statutory notice of a blight determination (the first step in the municipality's determination of a redevelopment plan and condemnation). A unanimous Supreme Court Decision upheld an appellate ruling in denying the company's arguments, stating that the legislature did not mean for commercial tenants to receive blight notices. Actual notice of blight designation was limited to owners of record whose names are listed on the tax assessor's records. The Court held that the company was not deprived of any due process protections afforded by the New Jersey or United States Constitutions. However, *in dictum* the Court appears to have carved out an exception with respect to commercial tenants who take affirmative steps to give the county clerk and tax assessor notice of their interest in the affected property prior to the blight determination and adoption of a redevelopment plan. Although it is far from clear from the Court's opinion, a cautious tenant may wish to record a memorandum of lease with the County Clerk in which the purchase option is referred to, and to notify the tax assessor of its interest in the specific property at the commencement of the lease. In this way the tenant can make the argument that it should be given the same notice as the owner of the property.

For more information regarding this holding, please feel free to contact **Arnold D. Litt, Esq.**, Chairperson Real Estate Department, at 201-342-6000 ext 220, or via e-mail at **Alitt@hertenburstein.com**.

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