What’s Land Use Got To Do With It?  
Examining the Connections Between New Jersey’s Economic Prosperity and Its Land Use Patterns

Findings from the PlanSmart NJ Industry Focus Group Held On April 14, 2011
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**James W. Hughes, Ph.D.**, Dean, Edward J. Bloustein School of Planning and Public Policy, Rutgers The State University of New Jersey for providing the charts and data for this report
“Our planning system is... broken and it needs to be fixed. If it’s fixed, all the things that are on top of everyone’s list...are going to be fixed right along with it.”
- Focus Group Participant, April 14, 2011

Section 1. Introduction

Consider these facts:

- In April 2011, New Jersey’s employment levels were at the same level as they had been in September 1998. In 2008 and 2009, New Jersey lost 226,000 jobs.¹
- From 2003 to 2007, prior to the “Great Recession”, New Jersey only captured 1.3% of the national market share of job growth. New Jersey’s “fair share” of employment growth should be around 3%, according to James W. Hughes, Ph.D., Dean of the Edward J. Bloustein School of Planning and Public Policy.
- New Jersey residents have the 3rd longest commutes in the nation, despite being a relatively small state of approximately 7,500 square miles.²
- A net of 53,744 households left the state in 2009, as part of a net out migration.³
- In 2010, New Jersey ranked as the fourth most expensive state in the nation for rental housing, after Hawaii, California, and Maryland.⁴
- In 2010, only 23 new corporations started or expanded facilities in New Jersey, compared with 168 in New York, 337 in Pennsylvania, and 424 in Texas.⁵
- New Jersey has the highest tax burden in the nation.⁶

¹ New Jersey Department of Labor and Workforce Development.
² New Jersey Department of Labor and Workforce Development, Division of Labor Market and Demographic Research. New Jersey Economic Indicators (ISSN 1064-5942) No. 531 Based on data through December 27, 2010 http://lwd.state.nj.us/labor/lpa/pub/econind/inddec.pdf
³ U.S. Census Bureau, 2009 American Community Survey, Migration Report
⁴ National Low Income Housing Coalition, 2010 Out of Reach Report.
⁵ Conway Data Inc for Site Selection Magazine, as analyzed by Jeff Otteau, Otteau Valuation Group.
To gain a first-hand perspective on some of these economic development challenges facing our State, and to better understand how New Jersey’s land use patterns factor into these challenges, PlanSmart NJ convened a focus group of New Jersey’s industry leaders and thought leaders on April 14, 2011. The goal of this meeting was to identify the factors affecting their expansion and relocation decisions and, specifically, what role land use plays in the decision-making process and in the ability of growth industries to locate or expand in New Jersey. PlanSmart NJ was also interested in gaining insight into business location decisions in terms of where within the State they might choose to locate – whether it be an urban center such as Newark or a key suburban transportation corridor such as the Route 202 corridor in Somerset County. The industries represented in the focus group were development, pharmaceutical, research & development, technology, education, banking, logistics, law, energy, and economic development.

PlanSmart NJ sought representation from this cross-section of industries to obtain a variety of perspectives on how New Jersey’s regulations, tax structure, housing availability, transportation infrastructure and quality of life affect businesses’ ability to attract and retain workers, thrive and grow in the state. This report will offer the perspective of these leaders on the key challenges facing New Jersey as it seeks economic prosperity for its citizens.

The first section will briefly review New Jersey’s land use and development patterns since World War II, to provide a context for the land use patterns that exist today. It will also provide a historical perspective on New Jersey’s economic growth patterns over the same period of time. The second section of this report will focus on current economic and demographic statistics, with a particular emphasis on trends since 2000 and how those trends were affected by the “great economic recession” of 2008. This portion of the report will also outline New Jersey’s comparative economic advantages and disadvantages with other states in the region and the country.

We will then turn in Section 3 of the report to an overview of New Jersey’s major industries, as defined by the NJ Department of Labor. As part of this section, we will analyze geographic industry clusters and look at emerging growth industries. Section 4 of the report will provide first-hand perspectives from the focus group on the challenges facing New Jersey in terms of economic growth and prosperity.

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Next will be a discussion of potential solutions, wherein we will begin to pose the key questions about what structural changes are needed to address the barriers to economic growth raised by the focus group. Lastly, we will outline collaborative strategies that PlanSmart NJ will undertake over the coming months to move toward changes to our land use systems and policies to foster better lives for New Jersey residents and a more prosperous future.
Section 2. New Jersey’s Land Use Patterns – A Historical Perspective

The concept of “land use” seems esoteric to many outside the planning profession, and difficult to readily explain. But, in fact, “land use” at its core is a relatively simple concept. Here are some definitions, ranging from the simple to the more technical:\(^7\):

A description of how land is occupied or utilized (Schaumburg, Ill.)

The occupation or use of land or water area for any human activity or any purpose. (California Planning Roundtable)

A use of land that may result in an earth change, including but not limited to subdivision, residential, commercial, industrial, recreational, agricultural practices, or other development, private and public highway, road and stream construction, and drainage construction. (Grand Traverse County, Mich.)

The American Planning Association states that the goal of land use planning is to further the welfare of people and their communities by creating convenient, equitable, healthful, efficient, and attractive environments for present and future generations.

Michael Gallis, in his 2006 report prepared for PlanSmart NJ (then Regional Planning Partnership), “The Future of the New Jersey Economy,” provides a useful framework for understanding New Jersey’s historical land use patterns. According to Gallis, New Jersey has experienced three main stages of economic development and land use. The first stage was characterized by the development of a few large cities, including Newark and Camden, and numerous independent and sometimes isolated small towns set in the rural countryside. The economy was largely based in agriculture with some natural resource extraction activities, dependent on waterpower mills and textile processing and trade.\(^8\) The connection among these towns was a network of arterial roads between New York and Philadelphia.


New York and Philadelphia both developed regional plans in the late 1920s and early 1930s (New York 1929, Philadelphia 1931) that incorporated the northern and southern geographic areas of New Jersey, respectively. Both plans included New Jersey as attachments but not as central components.

The economy in the 1930s was driven by urban industrial centers, later shifting to manufacturing and technological innovation laboratories. Post-World War II, New Jersey was rapidly developed through suburban expansion outward from its two urban centers, largely aided by the construction of “superhighways” which facilitated circulation in and out of the centers. The suburban growth coincided with the creation in the second half of the twentieth century of the Northeast Corridor, large investments in the interstate highway system connecting Washington, DC to Boston, MA, and the rail system. The construction of the urban beltways crossing the existing and newly added radial freeways and transit lines further pushed development out of the urban cores. Employment centers followed the construction of these loops as they provided access to formerly isolated regions of the state.

The third stage in New Jersey’s regional development is characterized by an interconnected ‘lattice-like’ network linking urban and suburban centers. The expansion of the transportation networks in the 1980s (Interstate 287, 280, 80, Garden State Parkway) defined the shift in the provision of economic functions, decentralizing development and dispersing employment, housing, retail, health, cultural and recreational activities throughout the state. “Eighty percent of all the office space ever built in the history of New Jersey had been erected in the 1980s.” The service sector grew from the expansion of office space inventory, built up in central-northern New Jersey. “The economic geography of the start-of-millennium New Jersey has been reinvented by one-half century of large-scale residential suburbanization, by four decades of large-scale retail decentralization and by two decades of large-scale office and service industry decentralization.”

As New Jersey’s economic development activity radiated away from the urban cores, the population followed it. In the 1950s, the population density was concentrated around the northeastern and southwestern urban centers, with limited expansion into the rest of the state. By 2010, the population had spread from these urban areas to connect along the Route 1 corridor and Route 9 along the shore. See Maps: Population

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Density in 1950 and Population Density in 2010 for an illustration of the patterns. During more recent 1986 to 2007 period, New Jersey’s land development rate was “nearly twice as fast as its population growth rate.”\textsuperscript{12} Widespread development pressures have elevated sprawl to one of the State’s top issues of concern. As the most densely populated state in the nation, land accessibility and economic expansion present an interesting challenge.

Map 1: Population Density, 1950

Population Density in 1950

Persons per Square Mile
- 1 - 1,000
- 1,001 - 5,000
- 5,001 - 10,000
- 10,001 - 20,000
- 20,001 +

Source: U.S. Census
Compiled by PlanSmart NJ: June 2011
Map 2: Population Density, 2010

Population Density in 2010

Persons per Square Mile
- 1 - 1,000
- 1,001 - 5,000
- 5,001 - 10,000
- 10,001 - 20,000
- 20,001 +

Source: U.S. Census
Compiled by PlanSmart NJ: June 2011
Commuting and Migration Patterns

Over 71.4% of New Jersey workers commute to work alone in a car, while 8.7% carpooled. Public transportation use accounted for 10.6% of workers; 3.4% walked to work; and another 4.0% work at home. The average commute time in New Jersey was 29.8 minutes. This ranked as the third longest commute time behind New York (31.4 minutes) and Maryland (31.3 minutes). Nationally, the average travel time to work was 25.1 minutes. In Missed Opportunity: Transit and Jobs in Metropolitan America, a Brookings Institute Report released May 12, 2011, the New York-New Jersey region ranks relatively well at 13th out of the 100 largest metropolitan areas in the nation in providing transit access to employment, ranking significantly higher than the Philadelphia Metro area, which ranks 49th.

In 2009, an estimated 136,212 people moved into New Jersey, while 189,956 moved away. This represents a net loss of 53,744, according to a new U.S. Census Bureau migration report. Approximately 38,000 people moved to Pennsylvania from New Jersey, and 36,320 moved to New York. A 2010 study conducted by Boston College, funded by Community Foundation of New Jersey, found that New Jersey is losing $25 billion in assets to net out-migration every year.

Table 1: Employment Location, New Jersey and US

<table>
<thead>
<tr>
<th></th>
<th>New Jersey</th>
<th>US</th>
</tr>
</thead>
<tbody>
<tr>
<td>Worked in state of residence</td>
<td>87 %</td>
<td>96 %</td>
</tr>
<tr>
<td>Worked in county of residence</td>
<td>55 %</td>
<td>73 %</td>
</tr>
<tr>
<td>Worked outside county of residence</td>
<td>32 %</td>
<td>24 %</td>
</tr>
<tr>
<td>Worked outside state of residence</td>
<td>13 %</td>
<td>4 %</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau, 2009 American Community Survey

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13 New Jersey Department of Labor and Workforce Development, Division of Labor Market and Demographic Research. New Jersey Economic Indicators (ISSN 1064-5942) No. 531 Based on data through December 27, 2010 http://lwd.state.nj.us/labor/lpa/pub/econind/inddec.pdf
15 Mikle, J. (2011, May 23). Census shows more moved out of NJ than into state. TheDailyRecord.com
16 U.S. Census Bureau, 2009 American Community Survey, Migration Report
Section 3. The State of New Jersey’s Economy

“Economic development is any change in a community that enables greater production, increased employment, and a better distribution of goods and services.” (Interstate 81 Corridor Council)

The “Great Recession”, as it has now been coined, lasted from December 2007 through June 2009, and was the longest recession on record since the Great Depression of 1929. Alan Greenspan called it “the most virulent global financial crisis ever”, while current Federal Reserve Chairman Ben Bernanke calls it “the worst financial crisis in modern history.” Recent polls have shown that the majority of the American public still perceives that the nation is in recession, largely due to consistent unemployment, the continuing mortgage and foreclosure crisis, and concerns over the federal debt burden (April 28, 2011 Reuters poll).

Length of Recessions in Months Since 1929

<table>
<thead>
<tr>
<th>Date Range</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 2007 - June 2009</td>
<td>18</td>
</tr>
<tr>
<td>March 2001 - November 2001</td>
<td>8</td>
</tr>
<tr>
<td>July 1990 - March 1991</td>
<td>8</td>
</tr>
<tr>
<td>July 1981 - November 1982</td>
<td>16</td>
</tr>
<tr>
<td>January 1980 - July 1980</td>
<td>6</td>
</tr>
<tr>
<td>November 1973 - March 1975</td>
<td>16</td>
</tr>
<tr>
<td>December 1969 - November 1970</td>
<td>11</td>
</tr>
<tr>
<td>April 1960 - February 1961</td>
<td>10</td>
</tr>
<tr>
<td>August 1957 - April 1958</td>
<td>8</td>
</tr>
<tr>
<td>July 1953 - May 1954</td>
<td>10</td>
</tr>
<tr>
<td>November 1948 - October 1949</td>
<td>11</td>
</tr>
<tr>
<td>February 1945 - October 1945</td>
<td>8</td>
</tr>
<tr>
<td>May 1937 - June 1938</td>
<td>13</td>
</tr>
<tr>
<td>August 1929 - March 1933</td>
<td>43</td>
</tr>
</tbody>
</table>


Compiled by James W. Hughes, Ph.D. Edward J. Bloustein School of Planning and Policy, Rutgers
The impact of the recession on New Jersey has likewise been significant. The chart below shows New Jersey’s annual private sector employment change from 1980 to 2010. This chart demonstrates that, even before the recent recession, the 2003 to 2007 employment growth was weak when compared with the significant growth in the two periods from 1983 to 1988 and from 1993 to 2002.

Figure 1: New Jersey Private Sector Employment Change

The recession cost the State 226,000 jobs in 2008 and 2009 (108,300 and 117,700 respectively), and the State is only now starting to modestly increase job growth, as shown in the chart below.

Source: New Jersey Department of Labor and Workforce Development.

Compiled by James W. Hughes, Ph.D. Edward J. Bloustein School of Planning and Policy, Rutgers
When considering both private and public sector employment, New Jersey lost a net total of 84,700 jobs from December 1999 to December 2009, which includes a loss of 153,700 private sector jobs and a gain of 68,800 public sector jobs.

So, how is New Jersey faring now? This chart of monthly New Jersey private sector employment, from 1990 to 2011, reveals that in April 2011, New Jersey is at the same employment level as in September 1998.

Compiled by James W. Hughes, Ph.D. Edward J. Bloustein School of Planning and Policy, Rutgers
The “Great Recession” was national in scope and New Jersey was not unique in suffering its effects. It is useful, then, to consider how New Jersey fared in comparison with the rest of the country. The following charts compare New Jersey’s private sector employment change rates from 2009 to 2011 with those of the nation.
Figure 4: U.S. Private-Sector Employment Change 2009 - 2011

Source: U.S. Bureau of Labor Statistics. Compiled by James W. Hughes, Ph.D. Edward J. Bloustein School of Planning and Policy, Rutgers
According to James W. Hughes, Ph.D., Dean of the Edward J. Bloustein School of Planning and Public Policy, in times of economic expansion, New Jersey can be expected -- if it is to hold its own -- to capture about three percent of the nation’s employment growth. Historically, this has held true, but in the most recent economic expansion, from 2003 through 2007, New Jersey has captured only 1.3% of the nation’s employment growth.

Source: New Jersey Department of Labor and Workforce Development. Compiled by James W. Hughes, Ph.D. Edward J. Bloustein School of Planning and Policy, Rutgers

Figure 5: New Jersey Private Sector Employment Change, 2009 - 2011

2010 12-Month Employment Gain:

+5,200

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Industry-Specific Data

The following chart provides an overview of New Jersey’s major industries, their growth or decline from 1990 to 2009, and the average salaries for each industry. The data reveals employment decline over the last decade in the higher paying fields of manufacturing, information, financial activities, and professional and business, coupled with growth in lower than average paying fields of education and health services as well as leisure and hospitality.
**Figure 7: New Jersey Nonfarm Payroll Employment Change and Average Annual Pay: Jan. 1990-Dec. 1999 & Dec. 1999 – Dec. 2009**

<table>
<thead>
<tr>
<th></th>
<th>Employment Change</th>
<th>2009 Average Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Nonfarm</td>
<td>255,400</td>
<td>-84,700</td>
</tr>
<tr>
<td>Total Private Sector</td>
<td>244,900</td>
<td>-153,700</td>
</tr>
<tr>
<td>Goods Producing</td>
<td>-135,000</td>
<td>-179,400</td>
</tr>
<tr>
<td>Mining and Logging</td>
<td>-700</td>
<td>-900</td>
</tr>
<tr>
<td>Construction</td>
<td>-9,200</td>
<td>-14,700</td>
</tr>
<tr>
<td><strong>Manufacturing</strong></td>
<td><strong>-125,100</strong></td>
<td><strong>-163,800</strong></td>
</tr>
<tr>
<td>Private Service-Providing</td>
<td>379,900</td>
<td>25,700</td>
</tr>
<tr>
<td>Trade, Transportation &amp; Utilities</td>
<td>34,800</td>
<td>-77,000</td>
</tr>
<tr>
<td><strong>Information</strong></td>
<td><strong>-1,800</strong></td>
<td><strong>-40,900</strong></td>
</tr>
<tr>
<td><strong>Financial Activities</strong></td>
<td><strong>24,500</strong></td>
<td><strong>-11,400</strong></td>
</tr>
<tr>
<td><strong>Professional and Business Services</strong></td>
<td><strong>140,200</strong></td>
<td><strong>-10,700</strong></td>
</tr>
<tr>
<td>Education and Health Services</td>
<td>129,800</td>
<td>115,100</td>
</tr>
<tr>
<td>Leisure and Hospitality</td>
<td>33,300</td>
<td>31,200</td>
</tr>
<tr>
<td>Other Services</td>
<td>19,100</td>
<td>19,400</td>
</tr>
<tr>
<td><strong>Government</strong></td>
<td>10,700</td>
<td>68,800</td>
</tr>
<tr>
<td>Federal</td>
<td>-13,500</td>
<td>-8,100</td>
</tr>
<tr>
<td>State</td>
<td>3,200</td>
<td>19,300</td>
</tr>
<tr>
<td>Local</td>
<td>21,000</td>
<td>57,600</td>
</tr>
</tbody>
</table>

Source: Quarterly Census of Employment and Wages, U.S. Bureau of Labor Statistics. **Compiled by James W. Hughes, Ph.D. Edward J. Bloustein School of Planning and Policy, Rutgers**
The chart below provides the employment distribution by sector for April 2000, April 2005, April 2008 and April 2011 to show trends in these sectors pre-recession, during the recession, and the months since the recession ended.


<table>
<thead>
<tr>
<th>Sector</th>
<th>April 2000</th>
<th>April 2005</th>
<th>April 2008</th>
<th>April 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Private Sector</td>
<td>85.0</td>
<td>83.8</td>
<td>83.7</td>
<td>83.5</td>
</tr>
<tr>
<td>Trade, Trans &amp; Util.</td>
<td>22.3</td>
<td>21.6</td>
<td>21.1</td>
<td>21.1</td>
</tr>
<tr>
<td>Professional and Bus. Services</td>
<td>15.0</td>
<td>14.7</td>
<td>15.2</td>
<td>15.3</td>
</tr>
<tr>
<td>Education and Health Services</td>
<td>12.4</td>
<td>13.8</td>
<td>14.5</td>
<td>16.0</td>
</tr>
<tr>
<td>Leisure and Hospitality</td>
<td>7.4</td>
<td>8.1</td>
<td>8.3</td>
<td>8.4</td>
</tr>
<tr>
<td>Financial Activities</td>
<td>6.7</td>
<td>6.9</td>
<td>6.7</td>
<td>6.6</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>10.6</td>
<td>8.2</td>
<td>7.5</td>
<td>6.6</td>
</tr>
<tr>
<td>Construction</td>
<td>3.7</td>
<td>4.1</td>
<td>4.1</td>
<td>3.3</td>
</tr>
<tr>
<td>Information</td>
<td>3.2</td>
<td>2.4</td>
<td>2.3</td>
<td>2.0</td>
</tr>
<tr>
<td>Other services</td>
<td>3.6</td>
<td>3.9</td>
<td>4.1</td>
<td>4.1</td>
</tr>
<tr>
<td>Government</td>
<td>15.0</td>
<td>16.2</td>
<td>16.3</td>
<td>16.5</td>
</tr>
</tbody>
</table>

Source: New Jersey Department of Labor

The following chart shows the distribution of these employment sectors in New Jersey in 2009.
Finally, the chart below shows the employment outlook for New Jersey by sector, projected to 2018. This gives us a sense of which sectors are projected to grow, shrink or remain stable in New Jersey, and is helpful as we think about pursuing public policy initiatives and land use changes to support industry clusters.
<table>
<thead>
<tr>
<th>Industry Title</th>
<th>2008 Estimated Employment</th>
<th>2018 Projected Employment</th>
<th>Numeric Change</th>
<th>Annual Growth Rate</th>
<th>Percent Change</th>
<th>Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining</td>
<td>1,700</td>
<td>1,800</td>
<td>100</td>
<td>0.6</td>
<td>5.9</td>
<td>Growing</td>
</tr>
<tr>
<td>Utilities</td>
<td>12,000</td>
<td>10,850</td>
<td>-1,150</td>
<td>-0.9</td>
<td>-9.2</td>
<td>Declining</td>
</tr>
<tr>
<td>Construction</td>
<td>164,800</td>
<td>173,600</td>
<td>8,800</td>
<td>0.5</td>
<td>5.3</td>
<td>Growing</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>299,000</td>
<td>235,500</td>
<td>-63,500</td>
<td>-2.1</td>
<td>-21.2</td>
<td>Declining</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>232,100</td>
<td>232,650</td>
<td>550</td>
<td>0.0</td>
<td>0.2</td>
<td>Stable</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>457,400</td>
<td>459,550</td>
<td>2,150</td>
<td>0.0</td>
<td>0.5</td>
<td>Stable</td>
</tr>
<tr>
<td>Transportation and Warehousing</td>
<td>162,400</td>
<td>164,600</td>
<td>2,200</td>
<td>0.1</td>
<td>1.4</td>
<td>Stable</td>
</tr>
<tr>
<td>Information</td>
<td>92,400</td>
<td>79,900</td>
<td>-12,500</td>
<td>-1.3</td>
<td>-13.5</td>
<td>Declining</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>209,000</td>
<td>219,200</td>
<td>10,200</td>
<td>0.5</td>
<td>4.9</td>
<td>Stable</td>
</tr>
<tr>
<td>Real Estate and Rental and Leasing</td>
<td>60,300</td>
<td>62,550</td>
<td>2,250</td>
<td>0.4</td>
<td>3.7</td>
<td>Stable</td>
</tr>
<tr>
<td>Professional, Scientific, and Technical Services</td>
<td>290,700</td>
<td>313,100</td>
<td>22,400</td>
<td>0.7</td>
<td>7.7</td>
<td>Growing</td>
</tr>
<tr>
<td>Management of Companies and Enterprises</td>
<td>74,900</td>
<td>78,850</td>
<td>3,950</td>
<td>0.5</td>
<td>5.3</td>
<td>Growing</td>
</tr>
<tr>
<td>Administrative and Support and Waste Management and Remediation</td>
<td>249,300</td>
<td>262,150</td>
<td>12,850</td>
<td>0.5</td>
<td>5.2</td>
<td>Growing</td>
</tr>
<tr>
<td>Educational Services</td>
<td>407,900</td>
<td>443,500</td>
<td>35,600</td>
<td>0.8</td>
<td>8.7</td>
<td>Growing</td>
</tr>
<tr>
<td>Health Care and Social Assistance</td>
<td>512,700</td>
<td>589,900</td>
<td>77,200</td>
<td>1.5</td>
<td>15.1</td>
<td>Growing</td>
</tr>
<tr>
<td>Arts, Entertainment, and Recreation</td>
<td>54,700</td>
<td>60,400</td>
<td>5,700</td>
<td>1.0</td>
<td>10.4</td>
<td>Growing</td>
</tr>
<tr>
<td>Accommodation and Food Services</td>
<td>289,300</td>
<td>305,500</td>
<td>16,200</td>
<td>0.5</td>
<td>5.6</td>
<td>Growing</td>
</tr>
<tr>
<td>Other Services (Except Government)</td>
<td>165,100</td>
<td>178,250</td>
<td>13,150</td>
<td>0.8</td>
<td>8</td>
<td>Growing</td>
</tr>
<tr>
<td>Government</td>
<td>322,600</td>
<td>311,300</td>
<td>-11,300</td>
<td>-0.4</td>
<td>-3.5</td>
<td>Declining</td>
</tr>
<tr>
<td>Total Federal Government Employment</td>
<td>58,800</td>
<td>52,250</td>
<td>-6,550</td>
<td>-1.1</td>
<td>-12.6</td>
<td>Declining</td>
</tr>
<tr>
<td>Total State Government Employment</td>
<td>91,000</td>
<td>89,750</td>
<td>-1,250</td>
<td>-0.1</td>
<td>-1.4</td>
<td>Declining</td>
</tr>
<tr>
<td>Total Local Government Employment</td>
<td>171,800</td>
<td>169,300</td>
<td>-2,500</td>
<td>-0.1</td>
<td>-1.5</td>
<td>Declining</td>
</tr>
</tbody>
</table>

Source: New Jersey Department of Labor, Industry Employment Projections

Green = Growing Industry, Peach = Declining Industry, Black = Stable Industry
New Jersey’s Tax Climate

New Jersey has always been characterized by its many municipalities and distinct local politics. The state has 21 counties and 566 municipalities, which is significant when compared with other states and when compared with New Jersey’s relatively small geographic footprint at approximately 7,500 square miles. These layers come at a high price. NJ has the highest tax burden in the nation. Taxpayers gave up 12.2% of their income in state and local taxes in 2009.18 “The Tax Foundation’s 2009 State Business Tax Climate Index ranked NJ as the worst business tax climate in the nation, with the highest property taxes, the 2nd highest personal income tax, 6th highest corporate income tax, and the 9th highest sales tax in the country.”19 According to the New Jersey Department of Labor, the government sectors are expected to decline leading up to the 2018 projections. This high cost of taxes increases the costs of housing and limits income diversity throughout the state.

Section 4. Challenges to New Jersey’s Economic Prosperity: Findings from the Focus Group

Focus group participants were asked to prioritize the greatest challenges facing their industry and to identify what factors influence their decisions as employers to locate in, expand or move out of New Jersey. Topics discussed, in no particular order, included: taxation, regulations, attracting a quality labor force, general costs, home rule, property taxation, housing affordability, quality of life, state planning, labor force costs, and transportation infrastructure.

When participants were asked to prioritize these challenges, these three led the pack:

1. Attracting a Quality Labor Force
2. New Jersey’s Complex Regulatory Environment
3. Property Taxation and Home Rule

This section of the report mirrors the priorities identified by the focus group participants, and is organized into the following topic areas:

➢ A High Quality Labor Force is Essential to Business Prosperity
  o High Housing Costs, High Property Taxes
  o Long Commutes and Too Few Transportation Options
  o Younger Generation of Workers Seeks More Vibrant Communities

➢ New Jersey’s Complex Regulatory Environment
➢ The Specter of Home Rule
➢ Where Did the State Plan Go Wrong?

We finish this section with a summary of business leaders’ perspectives on Governor Chris Christie’s Administration, with regard to the steps his Administration has taken thus far to address economic development and land use issues.
A High Quality Labor Force is Essential to Business Prosperity

Participants agreed that attracting a quality labor force is key to business expansion. They identified high property taxes, housing affordability, transportation infrastructure, and community quality of life as issues that impacted upon their ability to recruit and retain a high-quality labor force. Many touched upon their companies’ challenges in attracting younger workers, in particular.

The three subsections that follow are all facets of this theme. They are organized as follows: 1) High Housing Costs, High Property Taxes; 2) Long Commutes and Too Few Transportation Options; and 3) Younger Generation of Workers Seeks More Vibrant Communities.

High Housing Costs, High Property Taxes

The overall cost of housing was a key issue for most participants and considered a major barrier to attracting a quality labor force. As one participant from the development sector noted, “You can’t attract talent unless you have affordable places for the talent to live.” The participant went on to note that New Jersey has an abundance of housing options for the higher end of the income spectrum, but has fared poorly when it comes to creating housing opportunities for entry-level workers and younger professionals.

“We in New Jersey have done a fabulous job…of creating beautiful housing opportunities for those who are at fine incomes. The problem has been providing housing for those who work for those of the higher incomes and there…we have failed abysmally and…New Jersey is at a crisis point....We've been at a flash point for many, many years and...we’re at a crisis point now.”

Participants noted that job applicants from other parts of the country are frequently shocked not only by the high cost of housing, but also the high property taxes, which combine to create very high overall housing costs. One participant noted, “People say, ‘Not only is your housing that much more expensive, your tax bill is outrageous.’” This participant noted that the “shock” of the property taxes has forced business to offer
additional incentives to employees in the form of sign-on bonuses or other carrots to attract applicants.

Participants agreed that affordably-priced housing was also a barrier to retaining employees. Some participants are employers of lower-wage employees who work in contact or data centers. They have found that these employees are commuting long distances, often from Pennsylvania, to get to their jobs. They noted that the long commute begs the question of relocating such facilities to a more economical geographic area where the labor pool could reside in closer proximity to the workplace. These problems of housing affordability and high property taxes lead to longer commutes for many workers:

“Make no mistake, people will travel that extra half hour to pay less in taxes...because it’s all about the dollars you get to keep as opposed to the dollars that you generate.”

Another participant added that New Jersey risks losing its talent pool when students go to college out-of-state and then are unable to return to live in New Jersey due to this same set of problems: the tax environment and high cost of housing. Another common theme raised by focus group participants is children who are graduating from college but cannot afford to live in the State where they were raised.

Participants noted that there is a great need for multi-family housing (apartments), but that few communities are willing to zone for multi-family housing, in large part because of the fear of school children, which in turn lead to school overcrowding and increased property taxes. The participants linked this unwillingness of municipal officials to zone for multi-family housing to what they perceive to be New Jersey’s broken municipal property tax system.

**Long Commutes and Too Few Transportation Options**

Long commutes, a lack of public transit options, and over reliance on the automobile were other areas that focus group participants perceived to be barriers to economic growth from the perspective of attracting and retaining a talent pool. Long commutes were considered related to the high costs of housing and high property taxes in the communities where employers are located or might be considering locating, causing employees to choose housing options in Pennsylvania or Delaware, for instance, and commuting to get to jobs in New Jersey.
With regard to competing nationally for a quality labor force, a participant from the education sector noted that in other more urban areas, public transportation options are much more readily available and are attractive to those who are more environmentally conscious.

**Younger Generation of Workers Seeks More Vibrant Communities**

Participants in the focus group talked about the challenges in recruiting younger business professionals to New Jersey’s communities. They noted that these younger professionals are looking for walkable, livable communities. They want to be able to walk to stores and amenities and live close to where they work. An education sector participant noted that the desire of these professionals is, “I can walk to the things I want to walk to.” Unfortunately, they note, many desirable centers in New Jersey are too expensive for younger professionals to afford, so they end up living in more suburban or ex-urban locations without these downtown amenities and endure longer commutes.

Similarly, focus group participants discussed the labor pool subset of single working professionals. These workers are seeking more “excitement” and “entertainment” to keep them in New Jersey rather than choosing employers based in NYC or Philadelphia. These single professionals are attracted to “denser places, more urban places, where there’s more walkability, more amenities, more, more of everything.” The focus group participants felt that New Jersey has not done a good job of creating these types of livable communities with a high quality of life.

One education sector participant discussed his/her organization’s desire to “create diversity, to look more like the folks that we serve.” A key component of attracting a diverse workforce, it was noted, is to be able to sell potential employees on the area’s high quality of life. As a result of this challenge, the participant noted, “I have a hard time holding onto some real superstars that are just looking for something more to do, more interesting, what they consider quality of life.”

Another participant working with the high technology industry chimed in, talking about New Jersey’s potential and how the area does to some degree already attract, and has the potential to even more so attract, “the creatives”, a term coined by New Jersey-native Richard Florida in his books, *The Rise of the Creative Class, Cities and the Creative Class*, and *The Flight of the Creative Class*. As the participant noted,
“They are the people who say Princeton is beautiful and boring. If Trenton can get its act together, Trenton would be a great place for those folks. They kind of like Red Bank....It’s that street life. It’s the excitement of galleries and restaurants and stuff to do at night and little theaters and things like that, so that’s an environment that would be very attractive to the talent pool.”

The participant noted that small technological companies come to New Jersey for this talent pool and the academic relationships that are here.

**New Jersey’s Complex Regulatory Environment**

A recurring theme among focus group participants was New Jersey’s complex regulatory environment and its lengthy and expensive permitting process. A participant from the professional services (law) sector noted that the regulatory environment is so complex and unpredictable that businesses have difficulty establishing the costs or time to project completion, which becomes a barrier to locating in New Jersey.

“To say this process is broken is kind. This process is impossible in the state, whether it is the environmental regulatory environment, which is a Byzantine maze, contractor regulations, ...the land use process which is politicized to the point of corruption, ...the construction process which is torn from a cost perspective by issues related to union labor...and finally from the aspect of redevelopment.”

One participant is being told by his clients that, incredibly, the regulatory environment in New York City is more predictable and easier to navigate than New Jersey. In New Jersey, by contrast,

“I can’t begin an investment process in this state with [any certainty that] the pro forma that I have [now] will be a valid pro forma when I’m done with the process, whether it’s in three years, five years or ten years or more.”

As a result, the participant noted, it becomes exceedingly difficult to make an economic forecast for a business as to whether or not to open and enter this State as a market, whether that business is a new distribution facility or a retailer. “It becomes impossible
to accurately forecast what that end cost will be.” Several participants agreed that this lack of predictability, inability to forecast costs and construction timetables, has cost the State jobs and new business.

A representative from R&D noted that time to market is critical for the R&D sector and that permitting for a new facility is critical so that you know when you can get your product to market. He further stated that the timetable in all sectors needs to be sped up so that construction can be completed within a reasonable period of time from when the market demand is identified.

A pharmaceutical representative agreed,

“When you’re trying to develop a plan or a strategy for a site of a location you almost don’t know how the regulations are going to be interpreted and what hurdles you’re really going to have to jump over to be able to develop a site. You...have to put a year into a project before you even know if you can do it.”

This concern about lack of predictability and high levels of risk in the planning stages of a project was widely shared among participants. They further agreed that this unpredictability in the planning stages of a project is more of a risk than once construction has begun.

Participants also identified changing regulations as a problem. The approval process is lengthy and unpredictable and, as a result, regulations often change midstream and generally, projects are not grandfathered and therefore struggle to adapt to the new regulations.

Another participant bemoaned that the NJ Department of Environmental Protection (DEP) is trying to regulate industry with which they have little familiarity or expertise. This leads to the imposition of regulations that are expensive to comply with and don’t necessarily reflect an accurate understanding of the industry. Similarly, some participants feel that the State is just looking for ways to raise revenue by imposing new types of taxes, without a good understanding of what is realistic and reasonable to charge different types of industries.

A representative from the pharmaceutical industry noted that cost is first and foremost a concern for this industry. He noted that as a result of healthcare reform, FDA regulations and technology costs, the industry is facing more lead time to market and a
more expensive and time-consuming process to validate and qualify a product for market. He defined the environmental regulatory environment as the most onerous aspect of the regulatory environment. As a result, the company has chosen to locate new production plants in other states. The result? The participant noted that New Jersey is losing jobs in the pharmaceutical sector in every area: from support to basic research and analytical.

Another participant noted similar challenges facing the R&D industry:

“I think in other states when construction projects start you can pretty much predict the completion date. I don’t think you can do that in New Jersey....So now you’re building this multi-million dollar facility and you think it’s going to be on-line by the end of next year and it’s going to be on-line the year after or six months later because of uncontrollable delays.”

An R&D representative noted that New Jersey becomes even less competitive when considering products that have a time to market urgency that can’t tolerate high levels of uncertainty or risk, “I don’t think [New Jersey] comes off the list [as a state in which to develop]. I don’t think they even make the list.”

The Specter of Home Rule

Aside from the subject of New Jersey’s complex regulatory environment, nothing engendered stronger feelings from focus group participants than their frustrations about “home rule.” As is well-known, New Jersey has 566 municipal governments and over 600 local school districts within a 21-county system of government. Home rule, New Jersey’s local system of governance, was perceived by many focus group participants to be a root cause of many of the challenges facing businesses in New Jersey. These problems were defined as: government failure at all levels to facilitate growth in State-designated growth areas, low-density zoning patterns that have led to...

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20 The New Jersey Business Action Center notes that New Jersey has long been “recognized as the global epicenter of the pharmaceutical industry. 15 of the world’s 25 largest pharmaceutical companies have major facilities in New Jersey. New Jersey is home to many of the world’s leading pharmaceutical companies. This important industry sector includes names that have defined the industry throughout the 20th century including Bayer HealthCare, Wyeth, Johnson & Johnson, Novartis Pharmaceuticals, Roche, Novo Nordisk, Merck and Schering-Plough.”
suburban sprawl, inadequate variety and choice in housing, a complex regulatory process, lack of predictability, and high property taxes and other costs.

A participant from the professional services (law) sector noted,

“Home rule is the great third Grail that...has been the cause of many a problem on our tax policy. We have...more governmental entities in this state than any other state in the Union and they all require taxes.”

A developer participant stated that his company deals with the problem of home rule on a daily basis and emphasized the inefficient nature of home rule from a cost perspective as well as a decision-making perspective. He added,

“When you look at the no growth mentality that now pervades the home rule perspective, ...it’s triple witching hour and we need to make a dramatic turn away from home rule.”

Participants noted that politicians have historically not had the political will to tackle home rule, but were hopeful that the current economic crisis might provide the momentum to finally reconsider New Jersey’s inefficient localized system of government. They also expressed optimism that Governor Christie might be willing to take on the “sacred cow” of home rule, as he has taken on other controversial issues.

Participants noted the convoluted development patterns that result from a system of home rule. These include: zoning primarily for non-residential development as part of the “ratables” chase; not permitting zoning for high density residential housing or mixed-use near employment centers to avoid the costs of associated school children; and the ensuing long commutes that result from separating these land uses and zoning for sprawl.

One participant noted that preventing infrastructure investment – sewer and water – has become a “guerilla technique” at the municipal level to prevent or slow down growth.

One participant opined that the system of funding public education through the local property tax system has the effect of driving most land use decisions in New Jersey.

“We can’t afford any kids, so we can’t build any houses. What we need is apartments...and nobody wants them because it’s going to bring the kids
in and...nobody wants that. So you chase the ratables....I think the funding of public education, K through 12, is what is impacting the housing market.”

The participants opined that at the root of home rule is the fear among residents and public officials that they will lose control over decision-making, particularly over such aspects as how schools hire and budget priorities, etc., as well as loss of zoning control and the impact that would have on the school system.

One participant compared New Jersey to other states in the region with which New Jersey is competing for business and compared these states’ school systems. He noted that New York, Pennsylvania, and Delaware all have county school systems, in contrast to New Jersey which has over 600 school districts, and suggested that county school systems and county systems of government made these states more competitive for business than New Jersey.

They discussed prior efforts that have been made to address home rule and the inefficient property tax and education system in New Jersey. Some participants referenced past administrations’ efforts to encourage municipal consolidation, or at least sharing of services. The Local Unit Alignment, Reorganization and Consolidation Commission (LUARC), for instance, was an initiative signed into law by Governor Corzine. Its purpose was to encourage the sharing of municipal services through incentives and compensation for those municipalities that would otherwise be disadvantaged through the sharing of a particular service, such as police and fire protection. However, few municipalities availed themselves of this program, and it was terminated.

Participants noted that Governor Christie’s toolbox contains some financial incentives for consolidating and sharing services and that the 2% cap on property tax increases has also been a step in the right direction. One participant said, “It’s a little bit of starve the beast approach” in that municipalities are being forced to cut costs and in some cases that has led to sharing of services.

On this point all participants agreed:

“[The issue of] home rule merits a...fresh look and a fresh political commitment to do something different.”
Where Did the State Plan Go Wrong?

Participants believe that the State had the right idea in adopting a State Plan, but that implementation of the State Plan has gone awry. One participant held that the State Plan has only been successfully implemented in New Jersey’s urban areas, but that the new centers in the rural and suburban locations were never implemented. This participant felt that the time has come for a more regionalized focus, with rural and suburban centers as a component of that regional growth strategy.

Another focus group participant, in contrast, asserted that even in New Jersey’s urban cores, such as Camden, Trenton, Newark or Elizabeth, where the State supposedly wants growth to occur, the development process is as broken as it is in suburban or greenfield locations.

One participant noted that, moreover, even if one were to develop all the core cities to the densities they were at in the 1950s when they were at their highest historic population levels, it would only accommodate approximately 10 to 15% of the projected demographic growth in the State over the coming 30 years. Participants noted that urban redevelopment is only a small slice of “smart growth.”

One participant noted that New Jersey has five million acres total, of which three million acres are either developer or regulated out of development, leaving two million acres of developable land. He further calculated that if the demand for new housing units is about 30,000 units per year, and if one assumes that 10,000 of these will happen in urban locations, then 20,000 would need to be developed in rural or suburban locations. If our State develops more compactly in the future at four to five units per acre, then we would need 4,000-5,000 acres per year. Over 20 years, that would be about 100,000 acres or about five percent of the available land.21

A focus group participant articulated it this way:

“I would submit to you that if we can’t figure out a way to designate five percent of our land stock in order to create housing at a more dense type of development pattern, that allows better transportation, that allows a more efficient way to both build and administer from a cost

perspective...that we have a broken plan system. Well, we haven’t been able to do it. That’s the reality.”

One participant characterized past state planning exercises as being a “fight over scraps” and an “academic exercise” rather than a meaningful process that has led to any kind of real change. Participants acknowledged that many who have been involved with the state planning process over time have consequently become weary and have little faith that the state planning process can serve as the vehicle for driving the types of changes to home rule, high costs, and sprawl zoning that participants described as critical for New Jersey’s future. One participant expressed optimism, however, that “if [the State Plan] is used as a vehicle for... policy discussions to be made on...housing, taxation, land use, [and] regulatory reform, then a state planning exercise can be different...and [can be] an affirmative initiative to get some things done.”

Another participant framed it this way:

“For New Jersey to prosper, we’ve got to figure out housing. We’ve got to figure out costs. We’ve got to figure out transportation. We’ve got to figure out growth patterns. And if we don’t...we’re going to tip and become a “has-been” state and that’s not what anyone wants regardless of one’s party affiliation.”

**Perspectives on the Current Administration**

Participants expressed optimism that the new Administration is taking affirmative steps in the right direction, creating a positive climate for business growth, through such moves as retaining Honeywell, Behr, and other large companies. They noted that the Lieutenant Governor is aggressively courting businesses and engaging in one-on-one business outreach, encouraging businesses to locate and expand here. Participants further commented that new leadership at NJDEP is taking steps to become more business friendly and to facilitate the permitting process.

This optimistic view of the Administration’s efforts to support business growth is reflected in the recent C-Suite VI Executive Survey conducted by the Bloustein Center for Survey Research, released on May 25, 2011. The C-Suite survey includes interviews of 114 New Jersey companies with at least 50 employees and gathers opinions from business leaders about the New Jersey’s business climate. Questions revolve around
the state of New Jersey’s economy, New Jersey as a place to expand and do business, company hiring and revenues, future business plans, opinions about New Jersey’s regulatory environment, and opinions about state government’s responsiveness to business. When asked whether state government has become more responsive to the needs of the business community over the last six months, 75% responded in the affirmative, compared to 30% who responded in the affirmative the last time the survey was conducted in late fall 2009.

Focus group participants expressed hope that this Administration would take the next steps and make the state planning process a meaningful vehicle for addressing property taxes, home rule, sprawl zoning, and other planning-related challenges facing the State. They agreed that the Administration needs to maintain a sense of urgency, and achieve some real wins within a six to nine month horizon.

“This governor,… you don’t have to agree with everything he says, but one needs to acknowledge that he seems to be ready to take on sacred cows and has tipped a number of them already. And home rule seems to be... connected to quite a number of them in terms of the kind of perversities of land use choices, putting development in one place to capture the ratable and the traffic is everywhere else and so on.”

“We just need to get on with it and move and it’s going to take political courage. I think that we’ve got a governor here who certainly has that.... Maybe it’s our job to help him focus that political courage in some of these [land use] areas because while I like what he’s done, I haven’t seen him go after the issues that we’re talking about directly. And he needs to.”

“He’s pointing the ship in the right direction. [The] question is how much wind can we all put in the sails...to help so it doesn’t lose power.”

“I’d like to line up behind the governor and have always wanted to be there, and I think we can be regardless of political persuasions.”
Section 5. Identifying Solutions: The Connections Between Economic Development and Land Use

“How do we get smart growth to be everyone’s goal?”

Our planning system is… broken and it needs to be fixed. If it’s fixed, all the things that are on top of everyone’s list… are going to be fixed right along with it.”

“The average person thinks that the problem is… too much bureaucracy, too much traffic, too much this, too much that; they haven’t really focused and said, the problem is that we don’t have… business growth. Why don’t we have business growth? And we in the [business] sector… have not done a satisfactory job of connecting those dots.”

“This [problem] is not something… that you can cut your way out of…. We’ve got to figure out a way to grow the pie instead of saying this is our pie and we’re going to figure out who the losers are.”

- Focus Group Participants, April 14, 2011

The industry leaders that participated in PlanSmart NJ’s April 14th focus group clearly believe that the time is past due for structural changes to our systems of land use decision-making, home rule, regulation, and taxation, among other areas. PlanSmart NJ has developed a series of questions to gather additional input into the issues identified by our focus group participants.

PlanSmart NJ hopes to engage New Jersey’s citizens in thinking about the connections between reforms to our land use systems and New Jersey’s economic prosperity. We invite you to consider your responses to these questions.

The Overarching Connections Between Economic Development and Land Use:

1. How would better land use planning and decision-making help New Jersey improve its business climate, create jobs, and address the
challenges of high costs, regulatory burdens, and difficulty attracting a quality workforce?

2. What types of infrastructure investments do we need to be making at the regional and State levels to position New Jersey for future growth and prosperity and a high quality of life?

3. How can we do a better job of positioning cities, inner ring suburbs and our State’s planned growth areas for new business location and expansion? What’s working and what isn’t?

4. How can regional planning help us to protect the environment and improve public health?

5. How might our State’s changing demographics (older population, smaller household sizes, increasingly diverse population) influence land use patterns and create economic development opportunities? How might these changing demographics provide opportunities for regional equity?

6. What can we do to encourage more planning at the regional level? What do you see as the barriers to this happening? Solutions?

7. What are some ready-to-go, doable reforms that will help us begin to change the economic climate? How about longer-term reforms that may take more political will but are critical for our State’s future?

Improving New Jersey’s Overall Economic Competitiveness:

1. What do we need to do in New Jersey to make this a great place for companies to innovate?

2. What kinds of infrastructure investments are needed to make us competitive in the next 20 years? 50 years? How much will this cost? Who should pay for it? What happens to our economic competitiveness if we decline to make these investments?
3. Is there a role for states in our economic thinking or should economic competitiveness be viewed through a global lens? In other words, should we stop trying to compete with other states and instead focus our collective efforts and resources on building a competitive national economy?

4. Are the incentives to retain companies here or lure companies from elsewhere worth the cost to taxpayers? What are some alternatives?

5. What role could land use play in facilitating industry growth clusters in New Jersey?

6. How can New Jersey model centers of innovation such as the Research Triangle in North Carolina?

**Attracting and Retaining a High-Quality Labor Force: Addressing Housing, Community Quality of Life, and Transportation Options**

1. What changes do we need to make to our zoning and land use system to meet the demand for housing for younger professional and support workers?

2. How can we improve our transportation infrastructure to create more mass transit options, better bicycle networks, and pedestrian-friendly corridors? What changes are needed to our transportation infrastructure to better serve lower-income workers?

3. How much housing do we need near employment centers? What effect would improving the jobs to housing ratio have on commuting distances?

4. How do we create thriving, vibrant 24/7 communities in New Jersey to attract the “creative” class and younger working professionals? How can our urban cores and suburban centers become these places?
Streamlining New Jersey’s Regulatory Environment

1. Can we create incentives for municipalities to create common permitting standards? Can Sustainable Jersey serve as a model such as by offering a “Business Friendly” checklist?

2. What can we do to streamline DEP and other development regulations, increase predictability and reduce costs? What regulatory reforms are needed that will promote economic growth without compromising environmental protections?

Fostering a Regional System of Governance

1. Do we want to keep a governing system of 566 municipalities and 600 plus school districts?

2. How do we get New Jersey residents comfortable with the idea of regionalized structure of government? What would that take?

3. How can we unify the tax base and eliminate or reduce multiple layers of government?

4. How should we define New Jersey’s regions? Should counties be the primary unit of government?

5. How can we more seriously promote shared services and regionalization? Should we try another pilot program to encourage municipal consolidation and shared services or is something more needed?

6. Can New Jersey’s regional school systems serve as a model for other municipalities?

7. Is it time to look again at comprehensive property tax reform? What are the consequences if we don’t do it now?

8. Is it time to take a fresh look at county or regional tax base sharing? Is this a feasible model for New Jersey?
Creating an Effective State Planning System

1. Is there still a role for the State Plan in defining where growth should take place?

2. How can the State Plan be more effectively implemented?

3. What should the role of the State Plan be in addressing issues of taxation, regulation, home rule, regional equity, environmental protection, transportation infrastructure and business growth?

4. How do we revise our regulatory structure to facilitate redevelopment and development of compact centers rather than just slowing down development or creating sprawl in our outlying areas?

5. What new tools could promote center-based development while preserving open space and natural resources?
Section 6. Where Do We Go From Here?

PlanSmart NJ held its Industry Focus Group in April 2011 to address the critical question: how can changes to our land use systems and policies foster economic prosperity?

This report has provided a historical perspective from post-World War II through the present on New Jersey’s land use and economic growth patterns. We have provided an overview of New Jersey’s major employment sectors and highlighted emerging industries. We have summarized the key themes that emerged from the focus group discussion with business leaders.

We then posed a series of questions to promote discussion about ways that we might reform our land use and governing systems to lower costs, eliminate unnecessary regulations, shorten worker commutes, provide more diverse housing opportunities, and create 24/7 livable communities.

These efforts are intended to set the stage for broader efforts to follow.

Five years ago, PlanSmart NJ first launched the Smart Growth Economy Project, which gathered data, analyses, maps and recommendations to promote a better understanding of the interplay between economic growth, the environment, land use, and transportation decision-making. We then published a report in 2008, “Land Use Reform in New Jersey: Improving Conditions on the Ground”, which presented new ideas about reforming the State Plan, identifying “targets” for housing and employment growth so that we have a common language and vision about land use goals and strategies.

The efforts taking shape today are in many ways a continuation of this initiative that first began five years ago. PlanSmart NJ’s overall purpose is to engage the public and policymakers in a discussion of how sound land use planning and structural reforms to our land use systems and governance structures will lead to greater economic prosperity for all New Jersey residents. If we are successful, then we as a State will have created greater housing opportunities to respond to New Jersey’s changing demographics, vibrant 24/7 communities to attract younger professionals, and a world-class transit system.

Next steps in this project will include:
Gathering input from a broad range of stakeholders, including public policymakers, private and public sector decision-makers, municipal and county leaders, universities, foundations, and members of the public, among others.

Hosting regional forums to further explore the connections between economic development and land use.

Publication of a companion report focused on proposed solutions and recommendations, based upon input from stakeholder groups and conference participants.

Development of a broad coalition to advance needed reforms.

We invite you to participate in these discussions about New Jersey’s future and how better land use planning can improve economic outcomes in our State. Whether you represent the private sector, government, academia, the non-profit sector or are simply an interested New Jersey resident, your voice is needed.

We welcome you to the discussion and invite you to share your ideas about how land use changes can improve lives for all New Jersey residents.