An aerial photograph of a town at dusk. The town's lights are glowing, and the surrounding landscape consists of green fields and a river. The sky is a mix of blue and orange.

CHANGING
NEW JERSEY'S
LANDSCAPE

1. THE SMART GROWTH ECONOMY PROJECT

THE PROBLEM

Smart Growth is intended to create better outcomes in four areas – the economy, the environment, regional equity and resource efficiency. But much of what has been undertaken in New Jersey in the name of Smart Growth has been limited to restricting development on open land.

The benefits of Smart Growth, however, are achieved through growth – new development that is the right kind, amount and density in the right location. How are we to know if it is right?

Smart Growth is judged by how well it will change existing development patterns to improve economic sustainability, reduce auto-dependency, reduce racial and economic segregation, revitalize cities, improve the balance of jobs and housing, reduce land and resource consumption and improve resource efficiency.

Focusing only on the environment, while important in its own right:

- Ignores the conditions that generate growth;
- Is unlikely, therefore, to be successful in managing growth;
- Polarizes the public discourse into a battle between growth and no-growth advocates; and
- Ignores the multiple benefits that Smart Growth is meant to achieve.



THE PROJECT

The Smart Growth Economy Project is a two-year project undertaken by The Regional Planning Partnership. It will deliver data, analyses, maps and recommendations to insert balance and effectiveness into New Jersey's Smart Growth programs. It will provide planners and policy-makers with a better understanding of the economy and set clear performance measure for economic development in the various regions of New Jersey. Acting within this framework, planners at all levels of government will be better equipped to enact plans and policies that will succeed in harnessing New Jersey's economic engines to produce Smart Growth outcomes.

The Project is designed to answer the following questions:

- What are the economic engines driving New Jersey's growth?
- What performance targets do we want growth to achieve? Targets that can be monitored should be set to measure urban revitalization; jobs to housing balance; auto-dependency, resource consumption and racial and economic segregation; and improved environmental quality and efficiency of public expenditures.
- What locations, type, mix and amount of growth are likely to meet these targets?
- How should the plans, laws, regulations and infrastructure investments that affect growth be changed to achieve these targets?

2. PARTNERSHIPS

RPP is bringing together leaders from government, the private sector and non-profits who have the experience, ideas and influence to help answer these questions. By working together, combining our strengths, we can put New Jersey on a path to a sustainable quality of life in which all will benefit.

RPP is engaging the Administration to work with the Project's Advisors, a group co-chaired by Gualberto "Gil" Medina, Cushman Wakefield, and George Zoffinger, the SEA-NJ, both former Commissioners of Commerce.

Task Force Chairs include:

Dr. Roland Anglin, Chair of the Equity Task Force;

Anthony "Skip" Cimino, Schoor DePalma, co-chair of the Regulatory Reform Task Force;

Dr. Henry Coleman, Rutgers University;

Dr. Raymond Ferrara, TRC Environmental Corporation, Chair of the Water Infrastructure Task Force;

David Fisher, Matzel & Mumford, Chair of the Housing/Workforce Task Force;

Dean James Hughes and **Professor Joseph Seneca**, co-chairs of the Economists Roundtable;

Nancy Tindall, former Mayor, Washington Twp., co-chair of the Regulatory Reform Task Force;

James Weinstein, DMJM+Harris, Chair of the Transportation Task Force;

Other Advisors:

Arthur Brown, former Secretary of Agriculture; **Dr. Carl Van Horn**, Rutgers University; **Michael Francois**, The Port Authority of NY and NJ; **Karl Zemer**, The Delaware River Port Authority;

Maureen Hassett, NJ Economic Development Authority;

Tim Schiller, Federal Reserve Banks of Philadelphia and New York; **Dianne Procaccini**, Merrill Lynch; Bristol-Myers Squibb;

Gordon Fisher, PNC Bank; **Sam Crane**, Maher Terminals; PSE&G; Verizon; DEVCO; **Richard Johnson**, Matrix Development Group;

Michael McGuinness, NAIOP; former State Planning Commission Chairmen, **Tim Touhey** and **Joseph Maraziti**; and **Christiana Foglio-Palmer**, current chair of the State Planning Commission.



WORKING WITH STATE GOVERNMENT

When Governor Jon Corzine took office in January of 2006, his Administration was facing a \$4 billion deficit, following several years of deficit. Significant changes must be made this year to balance revenues and expenditures.

From the beginning, the Governor announced his intention to deal responsibly with the crisis. He warned the public of significant changes that he would have to make. On March 21, he unveiled the Budget that he was handing over to the Legislature and did propose both revenue and expenditure changes.

But the Governor has also announced two initiatives that will address the State's financial problems differently. Both of these are relevant to RPP's Smart Growth Economy Project. One is a new effort to promote economic growth. The Governor has appointed a former Wall Street colleague, Gary Rose, as his Chief of Economic Growth, to work in the Governor's office to oversee this initiative.

The other initiative is a new Commission he announced on April 7th: a Commission on Government Efficiency and Reform. Although both of these initiatives are set to make their recommendations sooner than the Smart Growth Economy Project will finish its work, RPP will be sure to provide the Governor with access to our work as we progress.

RPP has found the Administration's key policy advisors to be responsive to the Smart Growth Economy Project. Five key Commissioners and the Chairman of the Economic Development Authority will speak at our first conference. It is clear that they all understand how helpful it will be to build consensus through an approach that is both comprehensive - covering the economy, environment, efficiency and equity - and collaborative with the public, private and non-profit sectors.

3. NEW JERSEY'S ECONOMY:

REBIRTH OR DEATHWATCH?

As background material for this Conference, RPP solicited issue briefs from a number of experts in relevant fields. The enclosed CD contains the articles, arranged in these sections: Economy, Equity (a social justice approach to development that strives to address New Jersey's status as one of the most economically and racially divided in the country), Environment, and Efficiency, (infrastructure based on capacity analysis and fiscal responsibility) as well as several articles on Planning and Governance.

The articles are a sampling of the kind of thinking RPP will be using to build the Project's recommendations. This collection, by no means a complete inventory of perspectives, is the beginning of our assembly of all the "dots" that need to be connected to make a strategic growth plan.

We sought experts from both inside and outside New Jersey. We sought academics, advocates and specialists of various kinds. We did this because at its heart, RPP's Smart Growth Economy Project is an ambitious effort to bridge the differences between those who have traditionally focused only on economic development, or only on the environment, or only on infrastructure or social justice.

The bridge connecting all these areas is being built with facts. And because this is a land use project, the facts are being displayed in maps. Eventually we will have a useful new way to view information about the economy, about racial and economic segregation, about the capacity of the gray and green infrastructure. This information will add to the material on New Jersey's environmental constraints, which has been the main focus of New Jersey's Smart Growth debates.

Working with our Project partners and advisors, RPP will suggest a framework by which to view all this information as the basis for developing a Strategic Growth Plan for New Jersey that will respect the needs of the economy, the constraints of the environment, the demand for regional equity and greater resource efficiency.



As RPP reached out to those who were experts in their fields, as well as advocates for one area or another, we found that there is a growing number of people who want to step back from their current agendas to see if working together to achieve more goals – economic and environmental – will bring them more success than fighting other interest groups. At the end of the day, advocates in different camps go to their homes in New Jersey. We all live here, work here, have children, aging parents, or budding careers.



WE ALL WANT A
BETTER FUTURE
FOR NEW JERSEY.

3.1. CD CONTENTS: ECONOMY

1. THE FUTURE OF THE NEW JERSEY ECONOMY

Michael Gallis, Michael Gallis & Associates

The theme of this paper is the need to create a Strategic Economic Framework which identifies a comprehensive and integrated economic development strategy.

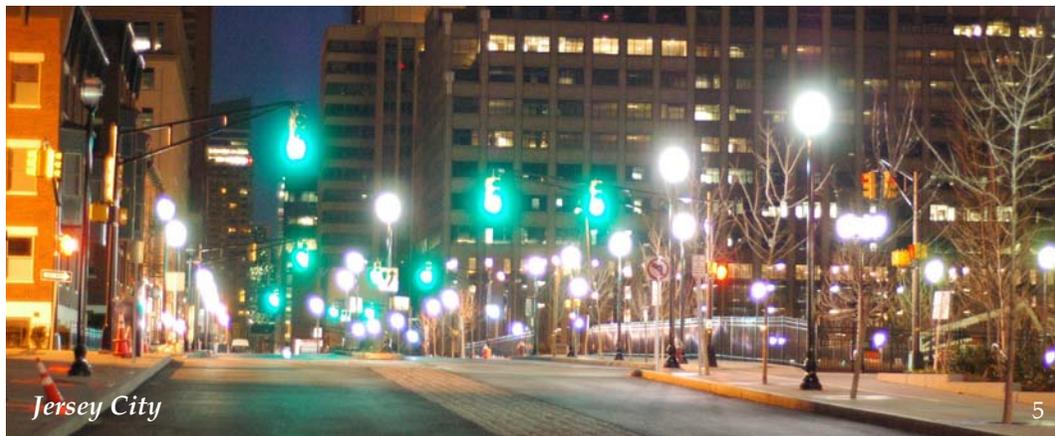
“New Jersey, while geographically a small state, is highly diverse with many separate economic regions and sub-regions. Not only can New Jersey be divided into north, south and central, it can be further sub-divided by corridor and place, each of which has its own set of economic characteristics and associated resources.”

2. MEETING THE NEEDS OF THE WORKFORCE IN A SHIFTING REGIONAL ECONOMY

James Hughes, Joseph Seneca, Carl Van Horn, Rutgers University

The study area of the paper is the New Jersey/New York metropolitan region which includes northern and central New Jersey. Themes include: strong population growth and the demographic resurgence of the regional core mainly as the consequence of immigration; the shift to information and service based jobs requiring high levels of formal education and training; between 1969 and 1996 major growth in employment took place in the suburban counties, since 1996 the employment growth rates have been similar in the core and suburban rings.

“New sectors have been the major drivers of employment growth for the region in the current decade – professional and business services, educational and health services, leisure and hospitality services and information.”



3. AN ECONOMY AT RISK: THE IMPERATIVES FOR A SCIENCE AND TECHNOLOGY POLICY FOR NEW JERSEY

James Hughes and Joseph Seneca, Rutgers University

New Jersey's economic competitiveness has been deteriorating. Positive public policy responses are needed to halt the slippage in the state's core economic sectors of science and technology.

"Globalization, deregulation, and accelerating technological change have been the predominant force in the world economy of the new century. These forces, and aggressive investments in technology-based growth by other states and nations, have reshaped New Jersey's competitive economic environment. However, the sheer scale and momentum of New Jersey's past prosperity and of its core economy have obscured both relative and absolute deterioration of the state's competitiveness."

4. NEW JERSEY'S STRONG SUPPORT FOR MANUFACTURING REFLECTS SECTOR'S CRITICAL IMPORTANCE TO STATE ECONOMY

Caren S. Franzini, New Jersey Economic Development Authority

The face of manufacturing in New Jersey may be gradually changing, but not the sector's critical importance to the state's economic strength and well-being. The future of manufacturing in New Jersey appears to be more optimistic than it was just a few years ago.

"State manufacturers in 2004 generated 90 percent of New Jersey's total exports (\$17.3 billion of \$19.2 billion)."

3.1. CD CONTENTS: ECONOMY

5. 2006 ECONOMIC FORECAST: SPEECH TO THE INSTITUTE OF REAL ESTATE MANAGEMENT

Caren S. Franzini, New Jersey Economic Development Authority

General outlook for the state's economy in 2006 and major initiatives and revitalization projects in which the EDA will be involved in during 2006.

"Economists at Rutgers University just recently reported that New Jersey will continue to create jobs in 2006, but growth will be moderate compared to recent years and those jobs that will be created will likely be lower-paying ones in health care, and leisure and hospitality industries."

Economist Joseph Seneca reported that *"The key economic issue now is to get the job growth rate back and to regain a balance of sizable job gains in those sectors with above-average pay."*

6. IN PURSUIT OF CONTINUING INNOVATION, SCIENTIFIC DISCOVERY

Caren S. Franzini, New Jersey Economic Development Authority

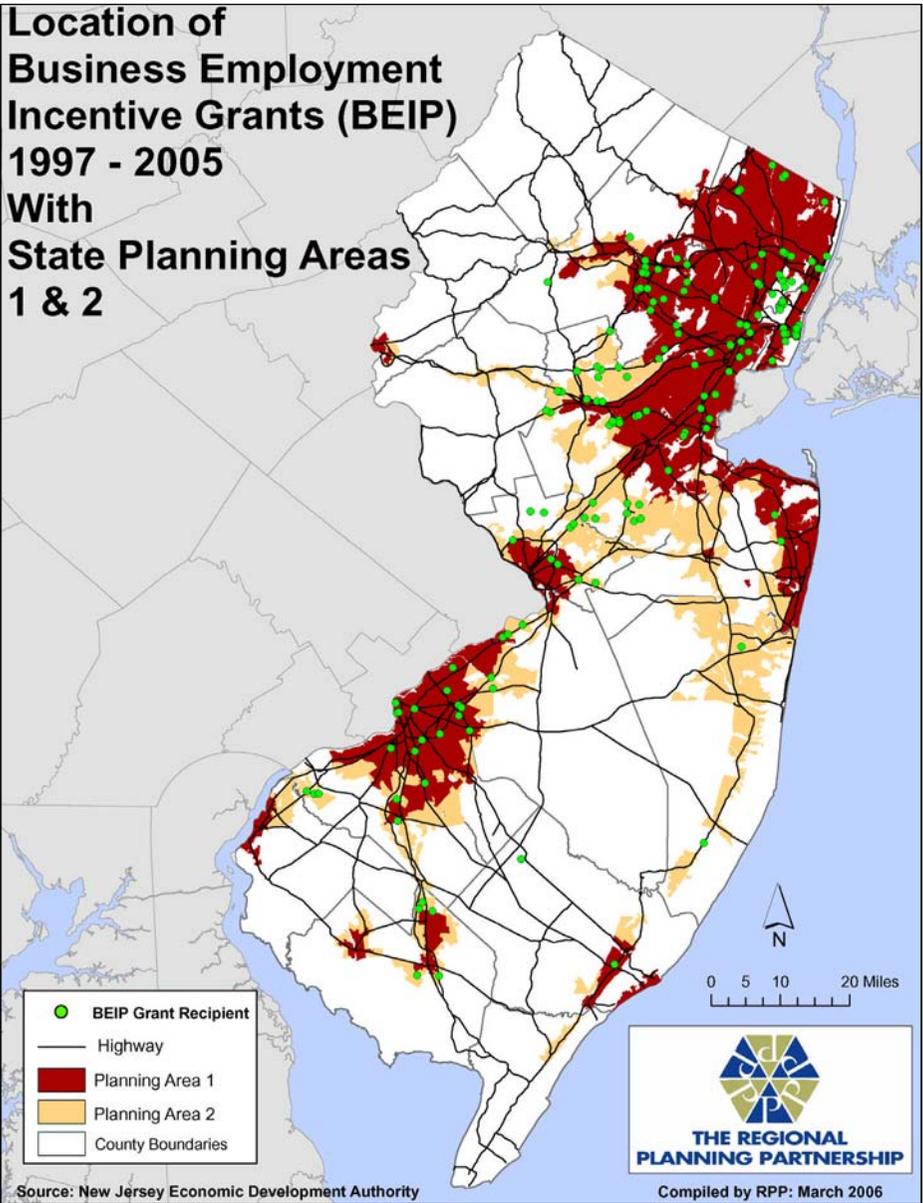
Published in January 2006 *NJBIZ*

This article is about EDA's support of technology and the life sciences in New Jersey.

"Recent studies completed for the New Jersey Technology Council and the New Jersey Commission on Science and Technology offer an accurate snapshot of the technology and life science landscape. Not surprisingly, these reports point to a host of assets that support the likelihood of continued growth of these industries in New Jersey. Prominent among them are a highly skilled and educated workforce, plentiful opportunities for scientists and engineers to secure solid, high-paying jobs, increasing venture capital support and a strong quality of life."



**Location of
Business Employment
Incentive Grants (BEIP)
1997 - 2005
With
State Planning Areas
1 & 2**



*The EDA makes grants through the Business Employment Incentive Program (BEIP) to expanding or relocating businesses that create jobs in New Jersey.
Source: NJEDA*

3.2. CD CONTENTS: EQUITY

1. NEW JERSEY: THE “BREAKTHROUGH” STATE?

David Rusk, Ford Foundation

New Jersey has the tools for achieving equity in the state (*Mt. Laurel, COAH, Abbot Decision, State Development and Redevelopment Plan*). However, the legislature has created loopholes in the *Fair Housing Act of 1985* and COAH has watered down suburban fair share housing allocations. The New Jersey Regional Coalition through its broad-based, grassroots pressure can help turn New Jersey into a genuine model of social justice.

“The problem is that, having been given a winning game plan, New Jersey consistently – often deliberately – fumbles the ball.”

2. TOWNS IN THE MIDDLE

Paul Scully, New Jersey Regional Coalition

There are a large and growing number of suburban communities that are neither all rich nor all poor. Common characteristics of these municipalities are their diversity and that they do not benefit from the current public policy arrangements. These “towns in the middle” need to be supported so as not to become distressed communities.

“Rather than dismissing the concerns of residents and leaders of these communities (“towns in the middle”), we should promote them as some of their regions’ most diverse communities and towns, deserving to be held up as models and preserved by addressing the external forces of housing, land use, school funding and tax policies that threaten their current diversity”.

3. NEW JERSEY’S HOUSING NEEDS

David Kinsey, Kinsey + Hand

This paper defines the housing problem in New Jersey and recommends twelve actions the state should take to address this housing problem.



“New Jersey needs more housing, more variety and choice in housing, and more housing affordable to more people, in order to have a healthy economy and a just society. And state government plays vital roles in shaping the housing future of New Jersey.”

3.3. CD CONTENTS: ENVIRONMENT

1. PROTECTING NJ’S RESOURCES: THE VOICE OF COMMUNITIES

Sandra Batty, Association of New Jersey Environmental Commissions

The paper discusses a comprehensive environmental approach in five areas; 1) water quantity and quality, 2) habitat protection, 3) clean air, 4) brownfields, and 5) environmental health.

“Taking environmental features and limitations into account will ensure a sound economy for generations of New Jerseyans.”

2. PROTECTING NJ’S RESOURCES: THE VOICE OF LEGISLATION

Dianne Brake, Regional Planning Partnership

The paper describes New Jersey’s unique environmental resources, using the language adopted by the legislation that protects the Pinelands, Highlands, and coastal environments.

“The Legislature finds and declares that New Jersey’s bays, harbors, sounds, wetlands...together constitute an exceptional, unique, irreplaceable...natural environmental resource called the coastal area.”

3.4. CD CONTENTS: EFFICIENCY OF INFRASTRUCTURE INVESTMENT

1. PERSPECTIVES ON WATER

Raymond Ferrara, TRC Environmental

The paper raises questions about reconciling conflicting water priorities in implementing Smart Growth strategies. It focuses on stormwater systems, wastewater systems and water supply systems.

“Smart Growth promotes balanced growth consistent with the efficient use of our water resource systems, while seeking to create opportunities that promote preservation and rehabilitation of those same systems.”

2. PORT AUTHORITY STRATEGIC PLAN: TRANSPORTATION FOR REGIONAL PROSPERITY

The Port Authority of New York and New Jersey

This 20 year strategic plan advocates the creation of new infrastructure – by the Port Authority and its transportation partners – that will enable, even stimulate, robust economic growth while also addressing the ongoing issue of making the existing parts of our region’s transportation system perform more effectively.

“The key to success will be the ability of a very diverse group of interests to agree on the details of the plan, the best priorities and sequencing of policy changes and investments, the financing approaches, and the assigning and sharing of responsibility to get the work done.”

3. RPP’S SMART GROWTH ECONOMY PROJECT

Martin E. Robins, Rutgers University

Advocates transit-oriented Smart Growth by supporting office development at transit hubs and mixed-use developments (“transit villages”) at outlying train stations.

“This overall initiative (transit-oriented Smart Growth), if decisively adopted and implemented, would provide new momentum and definition for New Jersey’s Smart Growth.”



Port of NY and NJ

4. IT'S CRUNCH TIME FOR THE STATE PLAN

Joseph J. Maraziti, Jr., Esq., Maraziti, Falcon & Healey, LLP

Published in *New Lawyer – The Weekly Newspaper*

Now is the time to have in place a State Plan that has support and can be implemented.

“Effective and timely land use decision-making will be essential to achieving smart growth.”

5. IMPROVING LOCAL ECONOMIC DEVELOPMENT PLANNING CAPACITY IN NEW JERSEY: SOME PROPOSALS

Stuart Meck, FAICP/PP, Rutgers University

The paper calls for revising the New Jersey enabling statutes, so as to provide more guidance to municipalities in preparing local economic development plans.

“The plan (2001 State Development and Redevelopment Plan) goes on to describe a strategy and economic development vision for the state, emphasizing the roles of various state agencies, but it is largely silent on how to integrate the state plan with local economic development efforts.”

6. REFLECTIONS ON THE NEW JERSEY STATE AND LOCAL EXPENDITURE AND REVENUE POLICY COMMISSION

Published in the *New Jersey Policy Perspective*

Henry A. Coleman, Rutgers University

A look at the recommendations of the SLERP Commission 15 years later and the relevance of these recommendations in today's environment.

“... there were many valuable lessons learned from the SLERP Commission, both in terms of specific reforms proposed and the approach used to address the fiscal ills of the state, that remain appropriate and useful. Rather than being viewed as ‘dead on arrival,’ these reforms deserve serious consideration in our efforts to improve the fairness and functioning of the state's fiscal system.”

4. PROJECT RESEARCH

One of the primary objectives of this Project is to provide data to make New Jersey's *State Development and Redevelopment Plan* and Smart Growth programs across agencies more strategic and robust. At the end of the Project, RPP and its partners will provide the Administration with data that have not been collected, pulled together or mapped before:

1. A geographic description of the economic engines driving New Jersey's growth: Using existing data when possible, RPP will inventory and map the following:

- Patterns of growth in economic sectors important to New Jersey
- Patterns of population growth, immigration and migration
- Desire lines of goods movement and commuting
- Labor force: size, skills, education, income

2. A geographic description of the factors that encourage or discourage growth: As above, RPP will inventory and gather or create maps of:

- Build-out of current zoning on undeveloped, unconstrained land
- Wastewater, water supply and transportation capacity (gray and green infrastructure) – existing, planned and trend
- Priority areas to reduce flooding and increase aquifer recharge
- Areas of distress, under-utilized or under-performing
- Levels of economic and racial segregation
- Housing stock: amount, type, condition and price – existing and trend
- Potential for transit (from cars and trucks to other modes)



3. **An analysis of the economy in terms that will make clear its impact on Smart Growth goals:** RPP will analyze the above data and maps to show the locations where the economy “wants” to grow vs. should grow, given performance targets, and show the impacts of these two patterns of growth on Smart Growth goals - economy, environment, efficiency and equity.

4. **Alternatives testing:** RPP will analyze two alternate growth scenarios based on the various sectors important to New Jersey, (e.g. goods distribution, high tech, pharmaceuticals, agriculture, etc.) for their impact on a viable economy for every region in New Jersey. RPP will also suggest appropriate growth targets in specific locations.

5. **New tools and an inventory of best practices:** RPP will produce an inventory of effective and affordable plans, regulations, policies, infrastructure investments, strategies, and best practices to get the right development in the appropriate locations to produce the desired outcomes.

6. **A Smart Growth Map and a Summary of Recommendations.** RPP will integrate the results of each task into a map that identifies growth areas, including an assessment of types of development and densities that would be needed to achieve the desired results.

HOW CAN WE
LINK SMART
GROWTH GOALS?

5. PROGRESS TO DATE: FRAMING THE PROJECT DATA COLLECTION

FRAMING THE PROJECT

The kick-off meeting of the Project Advisors took place in June 2005, at DEVCO in New Brunswick. The Advisors helped RPP's staff to decide which sectors to begin researching and identified useful directions, partners and data sources.

Guest speaker Michael Gallis of Gallis & Associates, an economic development strategist from Charlotte, North Carolina, described work he had done analyzing New Jersey's position in the global economy. He said New Jersey has emerged as the central state within the 52 million-person Northeast region and has the best access to the world marketplace of all 11 northeast states. New Jersey's central location provides the state with a multi-dimensional platform for economic growth.

The state has initiated various economic programs aimed at strengthening its economy, but lacks a comprehensive and integrated framework through which economic development can be maximized and the opportunities presented by New Jersey's location and resources can be realized. His remarks framed the promise of a strong economic future for New Jersey, if this Project is successful in steering the State through the challenges it faces.

At its second meeting, the Project Advisors discussed what results they sought from the Project. There was strong support for integrating the themes of environmental protection with economic prosperity and social justice.

DATA COLLECTION, MAPPING AND ANALYSIS

RPP staff has spent the last six months gathering preliminary data for the project from a variety of public and private sector sources. We have used Census, Bureau of Labor Statistics, Rutgers, and NJ Department of Labor data for population, employment and housing construction change between 2000 and 2005. NJDOT provided data from their Comprehensive Freight Plan as well as congestion



data. MPO data was used for population and employment projections. Cushman and Wakefield provided data on industrial and office vacancies. The New Jersey Regional Coalition provided information on social equity. RPP also conducted a survey of key economic sector leaders and county and major city economic development agencies.

Our particular emphasis, however, has been on collecting and analyzing data that shows the relationship of land use to economic data, social equity and infrastructure efficiency. The project aims to provide a level of map coverage for this data equivalent to NJDEP's mapping of the environment and land use.

Jobs, poverty and congestion all occur in specific locations in New Jersey. Understanding how these clusters relate to each other and the environment is a major focus of the Smart Growth Economy Project. To this end, RPP has analyzed, geo-coded and mapped data that had previously only been available in tables e.g., BEIP, NJRA, Info USA, and MPO projections. To date we have prepared over 40 maps (see CD for details).

For the next phase of the project we will be analyzing the available data on gray and green infrastructure capacity (gray infrastructure refers to roads, rails, pipes, etc.; green infrastructure to parks, street trees, streams, etc.); researching indicators used around the US and Canada to develop consensus on those most appropriate to shaping growth; and constructing the geography of two growth scenarios – trend and an alternative to trend.

5. PROGRESS TO DATE: ISSUE ROUNDTABLES AND TASK FORCES

ECONOMY

Two of the Issue Roundtables and three Task Forces have met over the past six months. The paragraphs below describe who took part, what was asked of them, and a summary of their discussion. More detail is available on the CD attached and on RPP's website. *Please recognize that the notes of the meeting reflect the comments made by individual participants, and do not necessarily reflect the views of RPP or other participants. The Project will not produce final recommendations until 2007.*

ECONOMISTS' ROUNDTABLE

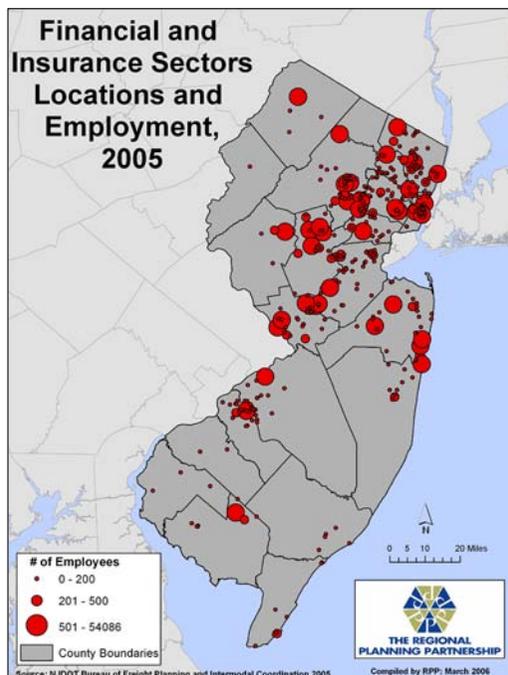
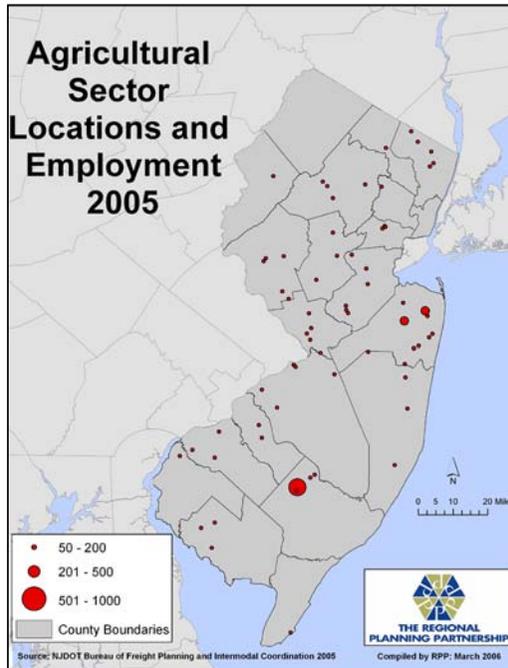
Late in 2005, RPP convened a roundtable of economic experts, hosted by Dean James Hughes of Rutgers' Edward J. Bloustein School of Public Policy and Planning. In attendance were Regina Armstrong, Urbanomics; Prof. Henry Coleman, Bloustein; James Diffley, Global Insight; Matthew Jacobs, economist for the NJ Economic Development Authority; Nancy Mantell, Rutgers Economic Advisory Service; Joel Naroff, economist for Commerce Bank; Prof. Joseph Seneca, Bloustein; Tim Schiller, economist for the Federal Reserve Bank of Philadelphia; Gene Spruck, economist for the Port Authority of NY and NJ. Although they could not attend, three others expressed interest in future meetings: Rosemary Scanlon, New York University Real Estate Institute; Rae Rosen, economist for the New York Federal Reserve Bank; and Marilyn Rubin, Urbanomics.

The group was asked:

- What measures shall we use to describe the economy to relate it to land use impacts and land use requirements? Should we use, for example, sectors ranked by Gross State Product, number of employees, growth rate, contribution to state taxes, etc.?
- What are the critical economic issues that affect land use outcomes? That is, are there specific location preferences for each economic sector?
- What are the critical land use issues that impact the health of the economy? Are zoning, infrastructure or housing important?
- What are some short term and long term strategies that New Jersey should adopt to address these issues?

The group agreed that NJ has not mapped economic activity, other than the description of some general uses in the land cover analysis. RPP's intention to map the data, as a means of making connections, was thought to be a good idea. The maps should examine where people are moving, see where the businesses are and where they are locating.

The group cautioned staff, however, that the Project should not study exclusively those sectors that are currently important to New Jersey. Analysis should focus on signs of structural change and on how best to make New Jersey's economy open to innovation and change.



Using Info USA data provided by NJDOT, RPP mapped the employment locations for nine major sectors in the New Jersey Economy.

5. PROGRESS TO DATE: ISSUE ROUNDTABLES AND TASK FORCES

REAL ESTATE

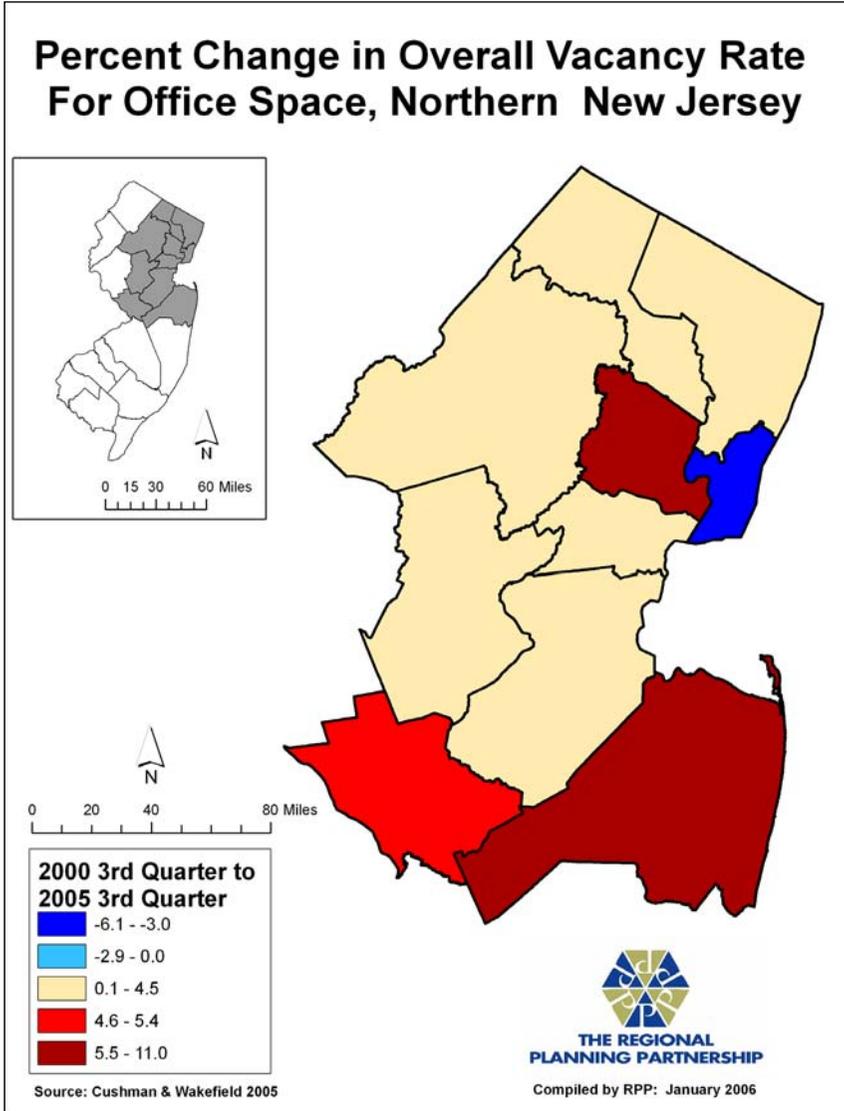
REAL ESTATE ROUNDTABLE

In February 2006, RPP convened a roundtable of commercial real estate professionals, hosted by Dean James Hughes and headed by our Project co-chair, Gualberto “Gil” Medina, Executive Managing Director of Cushman Wakefield New Jersey. In attendance were, Milt Charbonneau, Colliers Houston & Co.; Matthew Dolly, GVA Williams; David Fisher, The Matzel & Mumford Organization; Kenneth Griffin, Matrix Development Group; Rolland Grote, Gensler Architecture; Maureen Hassett, NJ EDA; David Houston, Colliers Houston & Co.; Richard Johnson, Matrix Development Group; Melvin Lehr, RPP Board; Kevin Matzke, ProLogis; Michael McGuinness, NAIOP; Joseph McNamara, NJ LECET; Victor Murray, CRESA Partners; Creigh Rahenkamp, Rahenkamp Associates; Will Steffens, PSE&G; Robert Wolfe, Picus Associates, Inc. Although they could not attend the meeting, the following expressed an interest in participating in future meetings: Ted Zangari, Sills Cummis; Bruce Looloian, Advance Realty; Jeffrey Albert, Princewood Properties; Jim Harbaugh, Bristol-Meyers Squibb.

The participants were asked a number of questions:

- Where are the hot markets now, and where are they likely to be in 5 to 10 years? Why are these markets hot?
- Why are companies choosing New Jersey as a place to move to or expand in? Why are some companies not making that choice?
- To what extent do concerns over housing, water or transportation capacity affect these decisions?
- Do government incentives work? Which ones?
- What are the critical economic issues that affect land use outcomes? That is, are there discernable connections to location decisions, such as biotech firms liking to locate near hospitals and research universities?
- Is zoning important to the health of the economy?
- What are some short term strategies to address these issues, e.g., critical data collection?
- What are some long term strategies, e.g., changes to rules, infra structure, fiscal policy, etc.?

The group emphasized the interconnections between housing, demographics and land use and the economy. They agreed that it is vital for RPP to undertake this project now, since New Jersey will need strong leadership to implement the needed reforms and create a truly strategic growth plan for New Jersey. In particular, the group discussed the changing demographics that are creating both opportunities and challenges for new development.



Office Vacancies have increased dramatically for many counties since 2000, especially Class A vacancies.

5. PROGRESS TO DATE:

ISSUE ROUNDTABLES AND TASK FORCES

HOUSING

HOUSING AND WORKFORCE TASKFORCE

In March, 2006, RPP convened our Housing and Workforce. The Task Force is chaired by David Fisher with Matzel & Mumford (and former member of the State Planning Commission). In attendance were: Art Bernard, THP, Inc. and former Director of COAH; Shirley Bishop, Shirley M. Bishop, PP, LLC, and former Director of COAH; Philip Caton, Clarke Caton Hintz; Arnold Cohen, Housing and Community Development Network of NJ; Chris Gaffney, Toll Brothers; Thomas Hall, Esq., Sills Cummis; Joanne Harkins, NJBA; Charles Hill, Mercer County Economic Development; Peter Kasabach, NJHMFA; David Kinsey, Kinsey + Hand; Melvin Lehr, RPP Board; Allan Mallach, National Housing Institute; John Maxfield, ETS; Frank Petrino, Esq., Sterns & Weinroth; Peter Reinhart, K. Hovnanian; Mark Solomon, Pepper Hamilton, LLP; John Sully, Middlesex County Housing and Community Development; Tim Touhey, Fannie Mae and former Director of HMFA, former Chairman of both COAH and the State Planning Commission.

The participants were asked a number of questions:

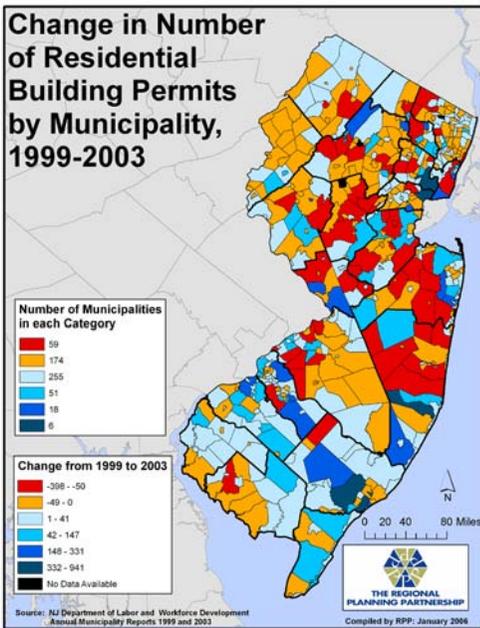
- What is the definition of “workforce housing”?
- How much housing is enough for our workforce?
- Can an ideal jobs-to-housing ratio be determined, within what range of employment centers?
- How should our housing policies address social equity issues?
- How many more large, single family houses on large lots should be built? How does zoning promote certain products over others?
- How can the new Administration make housing a higher priority, and promote policies that encourage a broader range of housing types in New Jersey?
- How can appropriate housing development in New Jersey be supported – what infrastructure and regulatory reform is needed to support the workforce and other housing needs in New Jersey?

The group agreed that although New Jersey is well-positioned geographically, has an educated labor force and is poised for eco-

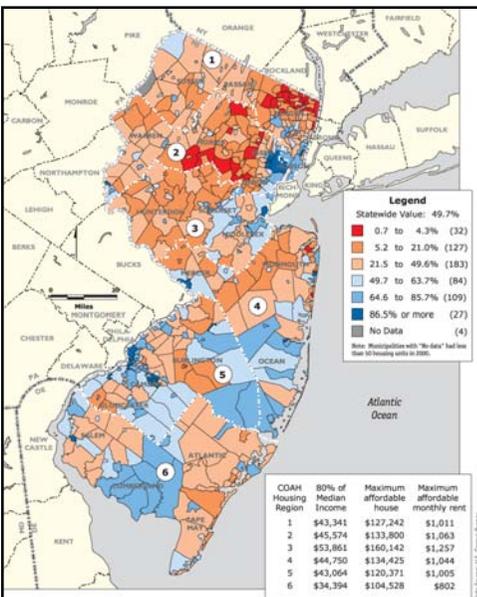
conomic prosperity over time. New Jersey's population is well-stratified and requires a range of housing choices that currently does not exist. In the last 10 years, the cost of housing in New Jersey has spiraled out of control, and the rental market is one of the least affordable in the nation.

Because of New Jersey's progressive and nationally recognized *Mt. Laurel Doctrine*, the state required communities to provide housing that is affordable. In spite of this, however, there has been an increase in the concentration of poor and minorities in urban areas and, with the current Growth Share approach, the state no longer has a regulatory structure to reverse this trend.

The group agreed that we need a cohesive state housing policy, uniting different state agencies to create a comprehensive strategy to produce adequate numbers of affordable and middle-income housing.



Residential building permits reflects growth change pressure builsg in the southern part of the state.



New Jersey housing has become increasingly unaffordable in the past decade.

5. PROGRESS TO DATE: ISSUE ROUNDTABLES AND TASK FORCES

TRANSPORTATION

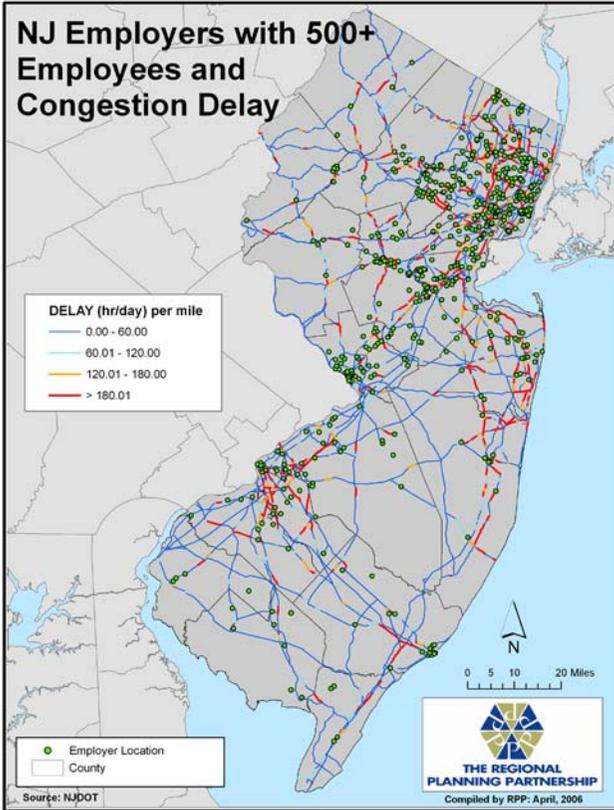
TRANSPORTATION TASK FORCE

In March, 2006, RPP convened the first meeting of our Transportation Task Force, chaired by former NJDOT Commissioner, James Weinstein of DMJM+Harris. The meeting was hosted by Gail Toth of the NJ Motor Truck Association. Also attending were Philip Beachem, NJ Alliance for Action; Patrick Flinn and Jamie Taylor, Port Authority of New York and New Jersey; John Hummer, NJTPA; Jack Kanarek, NJ Transit; Barry Keppard, Greater Mercer Transportation Management Association; Mary Murphy, NJ Turnpike Authority; Daniel O'Connell, United Transportation Union; Mark Stout, Gary Toth, Paul Truban and Eric Powers, NJDOT; Melvin Lehr, RPP Board and former Assistant Commissioner of NJDOT; and Martin Robins, Voorhees Transportation Institute, Rutgers;

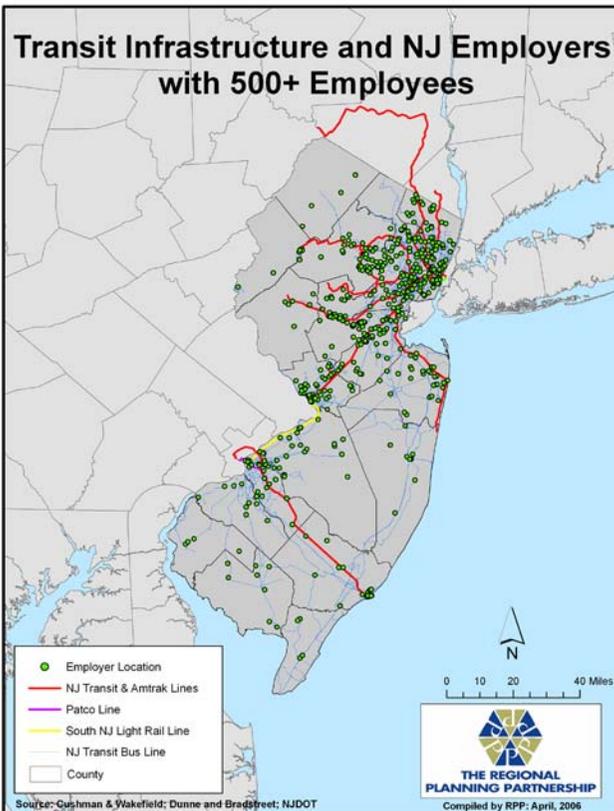
The participants were asked a number of questions:

- Where should strategic investments be made to support transportation as a key economic sector? What kind of investments?
- Where should investments be made to provide growth capacity to support the economy in general? What kind of investments?
- What are the characteristics of an efficient transportation system?
- How efficient is NJ's transportation system?
- What would be the components of a Transit First policy?
- How should transportation policies address issues of segregation?
- How should transportation policies address equity for non-drivers?
- What regulatory reform of infrastructure decision-making is necessary to support strategic transportation investments?

Through this project, participants would like to talk about how to sell New Jersey as a place that attracts and retains businesses, not by opening greenfields to development and reducing environmental regulation, but by fitting economic growth decisions in with land use planning and transportation projects.



Dun and Bradstreet data on employers with more than 50 employees in New Jersey was mapped with NJDOT data on roadway congestion to determine where the greatest impacts occur.



Dun and Bradstreet data on employers with more than 50 employees in New Jersey was mapped with NJDOT data on transit service.

4. PROGRESS TO DATE: ISSUE ROUNDTABLES AND TASK FORCES

WATER

WATER INFRASTRUCTURE TASK FORCE

In April, 2006, RPP convened the first meeting of our Water Infrastructure Task Force, hosted by Frank Petrino of Sterns and Weinroth and chaired by Dr. Raymond Ferrara, of TRC Environmental Corporation. Also in attendance were: Neil Rivers, Langan Engineering & Environmental Services; Dr. Martin A. Bierbaum, Municipal Land Use Center; David Brogan, NJBIA; Colleen DeStefano and Dr. Pen Tao, North Jersey District Water Supply Commission; John Miller, Princeton Hydro, Inc.; Harvey Moskowitz, FAIP, retired planning consultant; Dennis Hart, NJ Environmental Infrastructure Trust; Robert Hillas, Envirogen, Inc.; Dr. Shing-Fu Hsueh, Mayor of West Windsor Township; David N. Kinsey, FAIP, Kinsey + Hand; Tavit Najarian, Najarian Associates, Inc.; George Tyler, Tyler & Carmeli; Neil Yoskin, Esq., Sokol, Behot & Fiorenzo. Two others were unable to attend but expressed an interest in future meetings: Carol Collier, Delaware River Basin Commission; Joseph Skupien, SWM Consulting.

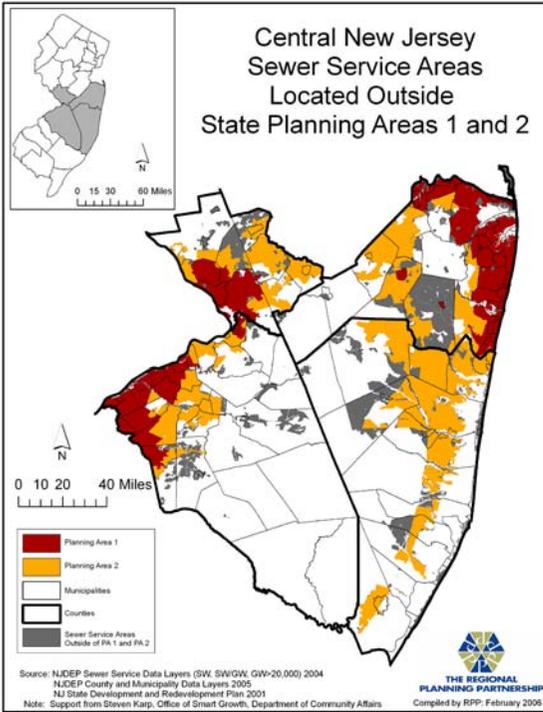
The participants were asked a number of questions:

- From a resource perspective, is there enough water in New Jersey?
- From a water infrastructure point of view, where are investments needed to provide growth capacity to support the economy in general?
- What kind of investments?
- Where should investments be restricted because of resource limitations or other environmental constraints?
- How can we grow and conserve water at the same time?
- What regulatory issues – current and future are most important?

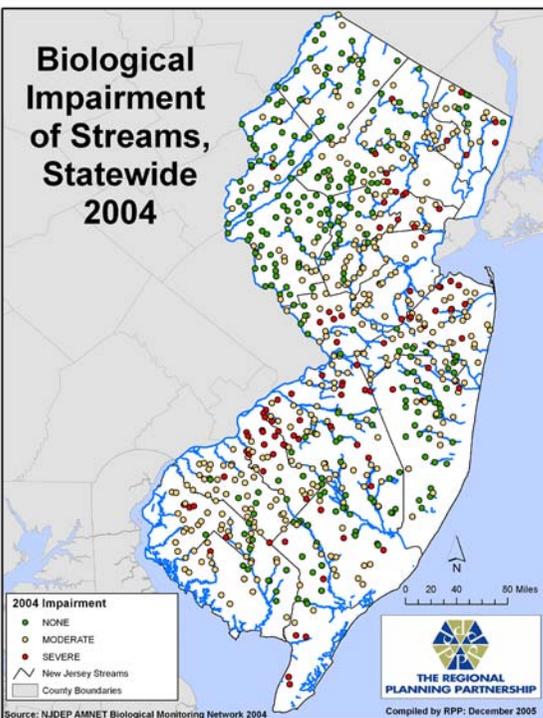
The group recognized that all of these questions had controversial answers. Somehow we have to find balance between growth, conservation and preservation. Because water is the basis of all life, the issue of quality and quantity is important. Because water and wastewater service and supply are vital to residential and commer-

cial development, irrigation, and recreation, the issue of capacity is important.

Each step in the process— allocation, storage, upgrade of infrastructure, expansion, selling water rights— represents parties with conflicting priorities. Most residents, legislators, water purveyors, and state agency officials don't understand the process of water allocation, supply, and the infrastructure upgrade and extension processes. Water professionals must strike a balance between these parties to further Smart Growth goals.



Growth management seeks to channel growth primarily into areas where infrastructure is already available. It is important, therefore, to understand the match or mismatch between existing infrastructure and areas identified by the State Plan as appropriate for growth.



With point sources of water pollution largely identified and treated, land use becomes a more significant contributor to the health of New Jersey's streams. NJDEP's AMNET data identifies streams as unimpaired, moderately impaired or severely impaired based on the health of the biological communities found in the streams.

6. NEXT STEPS

Over the coming months, RPP will continue holding task force meetings, gathering data and making maps. We will convene regional groups and groups of those interested in urban, suburban and rural economies. By late fall, we will be ready to convene a full day working seminar of our roundtables to do a mid-course evaluation on the material that we will have gathered and evaluate the recommendations that are being considered.

Enclosed is a postcard to send to RPP to alert us to your interest in the Smart Growth Economy Project and/or membership in RPP. On it you can select areas in which you would like to become involved, or be kept informed, as well as areas in which you have expertise to share and/or interest in the topic.

The Project Advisors and staff of RPP look forward to working with you.

JOIN US IN
UNDERSTANDING
NEW JERSEY'S
ECONOMY