PROPOSED FINAL DRAFT

STATE STRATEGIC PLAN:

NEW JERSEY'S STATE DEVELOPMENT & REDEVELOPMENT PLAN

NEW JERSEY STATE PLANNING COMMISSION – Draft Date 10/11/11

New Jersey State Planning Commission

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Executive Summary

New Jersey is at a crossroads. While rich in assets by way of its people, location and natural resources, New Jersey's process of planning for and regulating physical and economic development hampers its ability to compete for and capitalize on growth opportunities. The existing statewide planning framework positions the State on the defensive, fighting to retain a high quality of life being diminished by New Jersey's own outdated approach and resulting policies. This paradigm is not sustainable and requires a proactive, aggressive and strategic approach to planning for the State's future. An approach that aligns clear goals with sound decision making and coordination among government entities will better position New Jersey for growth opportunities and allow New Jersey to once again compete for and capitalize on growth opportunities.

This State Strategic Plan is New Jersey's revised and readopted State Development and Redevelopment Plan, designed to meet the statutory charge of representing "a balance of development and conservation objectives best suited to meet the needs of the state." It provides a blueprint for change and compliments the Christie-Guadagno Administration's firm commitment to sustainable economic growth; economic prosperity properly balanced with natural resource preservation and personal satisfaction with one's physical surroundings. Moving forward, New Jersey ***will focus its policies and investments on vibrant regions by fostering targeted job growth, supporting effective regional planning and preserving the State's critical resources.*** Coupling this "mission" with sound decision making and stated values for economic growth will move New Jersey toward its "vision" to be the ***national leader in coordinated private and public investment which supports sustainable communities that attract and provide strong economic opportunities, preserve our State's natural resources, and create healthier communities to work, reside and recreate.***

Achievement of the following goals through strategies that incorporate administrative actions, legislative and regulatory reforms, and public investment prioritization, will enable the State to deliver on this Plan's Vision and Mission. These goals must work in tandem as their interrelationship represents a critical piece of the State's blueprint for success.

Goal 1: Targeted Economic Growth: Enhance opportunities for attraction and growth of industries of statewide and regional importance.

Goal 2: Effective Planning for Vibrant Regions: Guide and inform regional planning so that each region of the State can experience appropriate growth according to the desires and assets of that region.

Goal 3: Preservation and Enhancement of Critical State Resources: Ensure that strategies for growth include preservation of our State's critical natural, agricultural, scenic, recreation, and historic resources, recognizing the role they

play in sustaining and improving the quality of life for New Jersey residents and attracting economic growth.

Goal 4: Tactical Alignment of Government: Enable effective resource allocation, coordination, cooperation and communication among those who play a role in meeting the mission of this Plan.

Putting these goals into action requires State leaders to exercise sound decision making as specific situations arise. It is the intention of this Plan that State decision makers will embrace these "**Guiding Principles for State Decision Making"** and in doing so, inspire and incentivize decision makers at all levels of government to do the same:

- **Predictability:** The State of NJ will offer a clearer path and quicker answers. The path and the answers offered by one Department / Agency will not conflict with those of another.
- **Spatial Efficiency:** The State of NJ will place value on the economic, social and environmental benefits of investing in areas where infrastructure already exists in an effort to control long-term costs of public services, reinvigorate existing communities, and protect important natural resources.
- **Leveraging Assets:** The State of NJ will work with the private sector, higher education and all levels of government to ensure that State assets are leveraged in strategic locations.
- **Sustainability:** The State of NJ will plan for and respond to current and future challenges and opportunities through adaptive decision making that accounts for social, economic and environmental protection and enhancement.
- **Institutionalizing Change:** The State of NJ will ensure that progress made is institutionalized in a way that can transcend time without perpetual recasting.

Success will also require strong leadership and effective coordination. Implementation will be driven from the Executive Branch through a cabinet-level Steering Committee. Effective coordination will result from horizontal and vertical integration that breaks down silos, provides cross-cutting engagement and leverages public and private resources for strategic alignment of policies, people and dollars. The State Planning Commission will continue to perform its duties as described in N.J.S.A. 52:18A-199.

New Jersey will improve its competitive position through the actions of this Plan; actions that address 21st-century trends and market realities and that balance economic prosperity, physical development, resource conservation, and quality of life in a way that can transcend future changing dynamics. New Jersey will chart a new course to be attractive to business and residents to remain competitive in the new global economy. This Plan charts that course and provides the means by which effective change and measured results can be achieved.

I. Introduction

New Jersey has tremendous assets by way of its people, location and natural resources making the State a desirable place to live, work and play. However, when compared nationally, New Jersey struggles with high costs and unpredictability for development even in "smart" locations. This creates higher financial and risk barriers relative to other states. Its policies for physical and economic growth have contributed to limiting options for existing businesses and residents to stay here and prosper. This paradigm is not sustainable and requires a new, strategic approach to planning for the State's future.

Throughout the process to develop the State Strategic Plan (the "Plan") one message was very clear; New Jersey's current framework for "*land use*" decisions is not achieving the desired results and an integrated approach to physical and economic development is long overdue. This Plan sets forth a coordinated and integrated approach. At the State level, this means horizontal integration among State Departments and Agencies that regulate and influence land uses and provide incentives for development, land preservation and infrastructure. The leadership to effectuate this change must and will come from the Executive Branch. This approach will also provide for coordination with local government and the regulated community, creating more opportunities for targeted economic growth that meets common goals and multiple bottom lines.

Redevelopment, reuse and repurposing the existing built environment throughout New Jersey will be the cornerstone of this agenda, though well-planned "greenfield" development may be necessary at times. Conservation and protection of natural resources is equally important. A balanced approach to these elements will deliver "vibrant regions" reaping economic return for all residents.

This Plan meets the intent and requirements of the State Planning Act (NJSA 52:18A-196, et seq.) (the "Act") and complements on-going efforts to cut "red tape" and lower the cost of doing business in New Jersey. Key recommendations of the "*Red Tape Review Group – Findings & Recommendations*" related to statewide planning have already been implemented and have made the development of this Plan possible. Under the Lieutenant Governor's direction, a "one stop" business model for job creation and retention was created in the Business Action Center (BAC) within the Department of State. The former Office of Smart Growth is now a Division within the BAC and has been renamed the Office for Planning Advocacy (OPA). As recommended by the Red Tape Review Group, this Plan positions OPA and a functioning and relevant SPC as a "key strategic player in State Government, so that permitting and capital investment decisions can be coordinated with planning."

Traditional statewide land use planning must give way to strategic, action-oriented planning that integrates all relevant State resources. A conscious shift from managing growth to planning for physical change is also required. Coordinated investment will be the foundation for a new model that recognizes market conditions as a significant driver for change.

This Plan is not:

- A top-down approach to force compliance with a statewide land-use plan
- An additional layer of bureaucracy
- A substitute for local and/or regional comprehensive plans nor will it take away local and/or planning and zoning authority
- A "silver-bullet" that will solve all of our problems
- A "one size fits all" approach.
- An unfunded mandate imposed upon municipal governments

This Plan acts as a blueprint for action by setting forth goals of statewide importance, coupled with proactive Executive Branch leadership contributing to coordinated and integrated actions to meet the vision and mission described further in Section II.

II. Vision & Mission

Vision Statement

New Jersey will be the national leader in coordinated private and public investment which supports sustainable communities that attract and provide strong economic opportunities, preserve our State's natural resources, and create healthier communities to work, reside and recreate.

Mission Statement

To focus New Jersey's policies and investments on vibrant regions by fostering targeted job growth, supporting effective regional planning and preserving the State's critical resources**.**

III. Strengths and Assets

New Jersey is a dynamic state with competitive advantages that other states envy. The Vision and Mission of this Plan will be accomplished by capitalizing on the State's strengths and assets. These include:

A Talented and Well Educated Workforce: New Jersey has long been recognized as a state rich in talent and educational opportunities.

- Roughly 4.6 million people in its labor pool, with approximately 1.7 million individuals with college degrees
- 6th in the nation for managerial, professional and technical jobs
- 7th in the nation in the number of Ph.D. scientists and engineers per 1,000 workers reflecting the State's thriving intellectual community
- Among the top 10 states for the attainment of bachelor degrees in the population ages 25-44
- 6th in the nation for residents with an advanced degree
- A Higher Education System delivering results

- World-class colleges and universities that not only educate but have the potential to invest in research and development with private sector partners
- 57 universities, colleges and technical schools
- 75,000+ degrees awarded annually

Extensive Physical Infrastructure: New Jersey is supported by a network of physical structures and interrelated systems that provide a strong foundation for economic growth and physical development

- World renowned public transportation network
- Each year, approximately 620 million tons of freight - valued at over $850 billion – move through our ports
- Jurisdiction over 2,300 miles of State roadways, 2,579 State bridges, 45 general aviation airports, one heliport and one seaplane base
- National leader in broadband access
- Port of New York and New Jersey is the world's 3rd largest with +/- $190 billion in trade annually employing roughly 230,000 people
- Existing ports along the Delaware River with tremendous growth potential for current and emerging industries
- A regional air network accounting for nearly 25% of all U.S. international air cargo

Unique Geography and Diverse Landscape: New Jersey's geography is a competitive advantage and our landscape is diverse and aesthetically pleasing. When combined with the State's rich culture and history, this creates a unique sense of place.

- Located along the Northeast Corridor with nearly 40% of the U.S. population within a one-day drive
- Equidistant to two global metropolitan hubs; New York City and Philadelphia
- Nationally recognized landscapes- from the forested ridges and rolling farmland of the Highlands, to the pine plains and cedar swamps of the Pinelands, to the coastal estuaries of the Delaware Bayshore
- 127 miles of beautiful Atlantic Ocean beaches
- A thriving farming community with roughly 40% of farmland permanently protected
- Unmatched access to national, state and local parks including 10 national parks, 50 State parks and hundreds of local parks
- Over 400 publically accessible lakes, ponds and reservoirs; 45 with 100+ acres and 11 with 500+ acres
- 50 major mountain peaks and summits
- At the crossroads of the American Revolution, New Jersey contains historic resources that are national treasures

Prosperous Industry Clusters: New Jersey is the home to prosperous geographic concentrations of industries that have formed around common needs and the availability of talent, technology, and infrastructure.

- Pharmaceuticals & Life Science - New Jersey is "the world's medicine chest" and is:

  - Home to the World or North American headquarters for 17 of the 20 largest pharmaceutical companies
  - Ranked 6th nationally for biotech strength, 3rd in bioscience venture capital investments and 4th in the number of bioscience patents, reflecting a spending level of +/- $1.3 billion
  - Experiencing growth in biotechnology companies with a +/- 50% increase over the past three years, currently hosting over 300 biotech companies

- Technology - New Jersey is a recognized leader for its technology-based economy and is:

  - 4th in the nation for moving toward a global, innovation based economy
  - 4th fastest growing technology industry in the U.S.
  - 1st nationally in broadband communications
  - The most extensive metro optical network in the world including "self-healing" synchronous networks for voice, high speed data and video transmissions to provide reliability, functionality and eliminate downtime
  - 2nd largest information technology employer in the nation and home to well-known industry leaders

- Financial Services – New Jersey is a hub for the global market and is:

  - Home to many large financial services firms and operations
  - In close proximity to the important New York financial center
  - Home to the "back office" operations for many leading Wall Street firms
  - More competitive in terms of corporate real estate rents than Manhattan and Philadelphia, offering inexpensive options for support to corporate operations with direct access to these global hubs
  - Home to a strong business services sector and unmatched pool of talent helping financial services companies grow and expand

- Manufacturing – New Jersey's production of goods is a core segment of the State's economy and is:

  - Producing manufactured goods worth in excess of $43.8 billion
  - One of the nation's most strategically relevant locations for manufacturing, as well as a gateway for exporting

- Well positioned to capitalize on our transportation infrastructure, proximity to the national market, and extensive warehousing and distribution capabilities, literally providing access to the world

- Transportation, Warehousing & Logistics – New Jersey moves the goods and services for the world and has:

  - 23,000+ establishments involved in transportation, logistics and distribution
  - The highest density of railroads in the nation
  - More than 585 million square feet of warehousing space
  - Close proximity to the national market with extensive warehousing and distribution capabilities providing access to the world
  - Major port facilities in Newark and Elizabeth, and on the Delaware River, in Camden, Gloucester and Salem; more than 620 million tons of freight—valued at over $850 billion—moves through State ports annually
  - 2 major international airports (Newark-Liberty and Atlantic City)
  - 3 major interstate highways, 38,000+ miles of roadways and a highway system that connects ports of entry to intra- and inter-state markets

Strong and Committed Leadership: The Christie- Guadagno administration has made a firm commitment to sustainable growth and is taking action to make it happen.

The State is actively redesigning its economic growth strategy and delivery structure by creating a new model to cut costs, increase productivity and craft economic policies that are more in tune with the current pace and scope of the economy. By leveraging New Jersey's inherent strengths and resources, building on successes and institutionalizing a commitment to attract and retain businesses, the State has implemented a comprehensive initiative that is promoting innovation and jobs creation. Known as the "Partnership for Action," this initiative includes:

- The BAC (now home to OPA): the State's "one-stop-shop" for business including specialized business advocacy services focusing on firm retention and attraction
- The Economic Development Authority (EDA): the State's "bank for business" providing capital for project development and offering incentive programs to attract and retain business
- Choose New Jersey (CNJ): a public/private partnership created to encourage and nurture economic growth throughout New Jersey, including a focus on making the State's cities engines for growth and opportunity

In order for New Jersey to capitalize on these strengths and assets, a "Plan" must be in place to identify and orchestrate the players and programs whose authority, funding and talents must be leveraged to move New Jersey forward.

IV. Plan Development Process

Through the Act, the Legislature created a process that it dubbed "cross acceptance" to ensure that multiple levels of government as well as the public-at-large participate in a periodic revision of the State Development & Redevelopment Plan. The Act describes the cross acceptance process in the following way:

> *"… a process of comparison of planning policies among governmental levels with the purpose of attaining compatibility between local, county and State plans."*

Cross acceptance is to follow a set of statutorily prescribed steps that includes an initial comparison phase, negotiation, public hearings and the commissioning of an independent assessment to examine the economic, environmental, infrastructure, community life and intergovernmental coordination aspects of this Plan. This process has been followed in accordance with the provisions of the Act and the required independent assessments were prepared. See Supporting Document A (Impact Assessment) and Supporting Document B (Infrastructure Needs Assessment) for more information on these assessments.

This process began in 2004 and was designed to result in a written statement specifying areas of agreement or disagreement and areas requiring modification by parties to the cross acceptance process. See Supporting Document C (Statements of Agreements and Disagreements) and Supporting Document D (Statewide Issues Response Team Report). There is no escaping that this process was mired in starts and stops and paralyzed by competing public interests related to, for example, environmental protection and affordable housing. In addition, the circumstances and conditions faced by NJ were evolving and the true magnitude of the pending economic crisis, housing issues, and budget constraints were either not fully known or were being underestimated by policy makers at that time. The only exception is the Impact Assessment and the Infrastructure Needs Assessment, which were completed in 2009 and were based on current data and largely reflect the conditions we face today.

This analysis, entitled "Sustainable and Economically Regenerative New Jersey: The Impact Assessment of the New Jersey State Plan," was performed by the Center for Urban Policy Research at Rutgers University. Two growth scenarios were compared: TREND, a continuation of current development traditions under "sprawl" conditions and PLAN, based on implementation of the physical development strategies and policies that capitalized on existing infrastructures in areas ripe for development and redevelopment. Under the PLAN scenario, urban communities would see their populations rise compared to trend development patterns. PLAN would also increase jobs and income in New Jersey's cities, inner suburbs and rural towns. This analysis relied heavily on the revisions to the State Plan Policy Map, which was not intended to be a regulatory tool. This analysis is still relevant because the physical development patterns assumed under the PLAN scenario remain the same intended outcomes of

this Plan. In future revisions to this Plan, the approach to this required evaluation should be reconsidered.

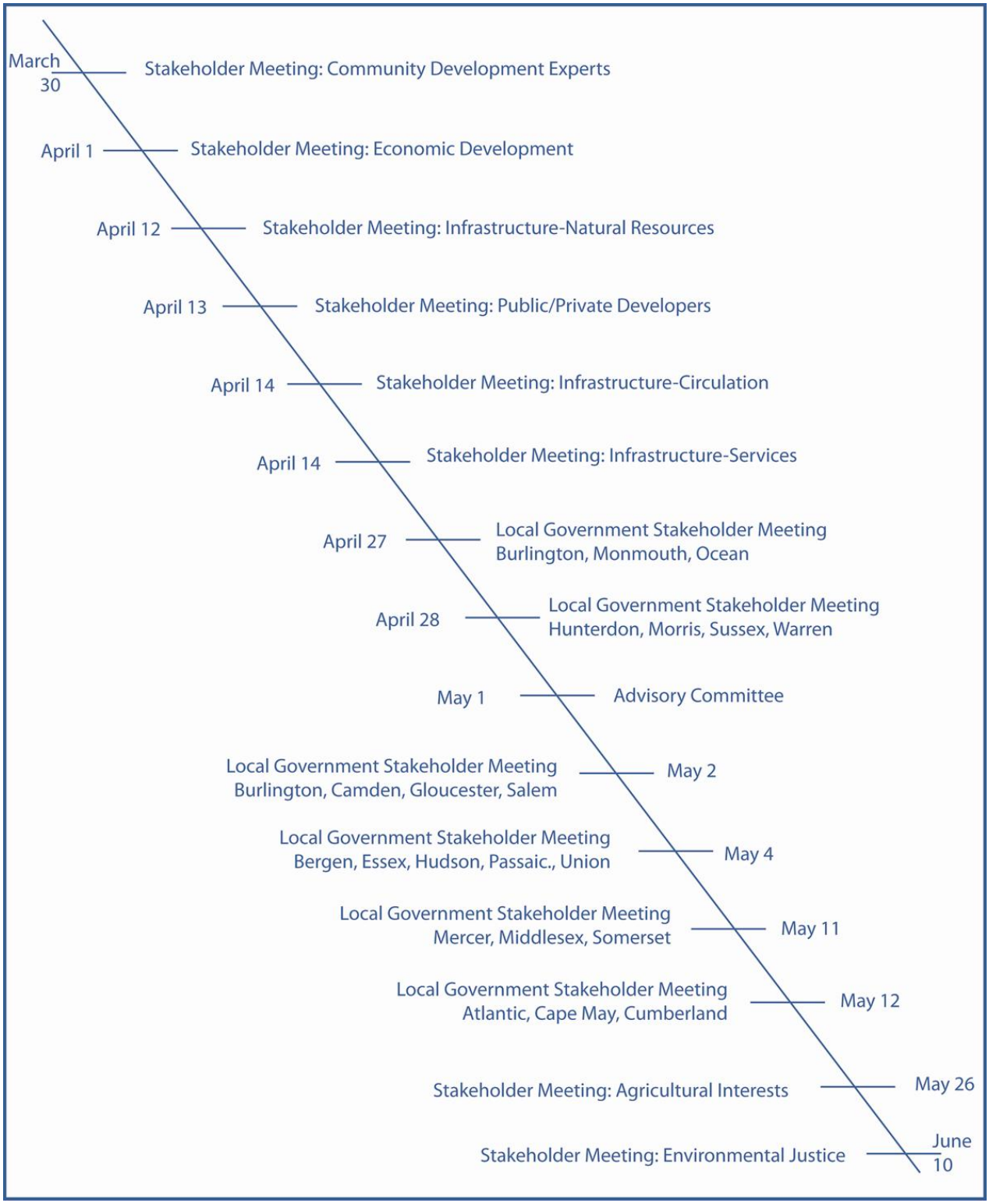
At the end of 2009, the SPC purposely chose not to formally adopt the previous Draft as "Final" and left open the opportunity for the incoming administration to review the status and circumstances before moving forward. Up until the end stages of cross acceptance, a high level of disagreement persisted between the State and local government and more troubling, between State agencies. This Plan was developed, in many ways, with an eye towards increasing the likelihood and effectiveness of implementation and to decrease the amount of disagreement with local government and between State agencies.

Continued Cross Acceptance – The State Strategic Planning Process

In order to deal with the high level of disagreement, OPA was charged to manage the "State Strategic Planning Process" with the goal of setting a new direction for statewide planning. Stakeholders were advised early in the process that the result of the Strategic Planning Process would include a set of recommendations designed to transform the existing statewide planning framework into one that prioritizes and supports sustainable economic growth.

OPA worked with internal and external stakeholders to better understand the opportunities for sustainable growth and redevelopment in New Jersey. This input helped establish the goals and objectives identified in Section VI. Figure 1 below illustrates the scope and range of stakeholder input received during this extended phase of cross-acceptance. In addition to these formal stakeholder meetings, OPA staff attended and presented at several meetings and conferences throughout the State and delivered a consistent message of the intent and scope of these efforts. An invitation to provide written suggestions regarding the scope and direction of statewide planning was also extended to the entire community.

Figure 1 - Stakeholder Input – State Strategic Planning Process



Governor's Institute on Community Design

As part of the State Strategic Planning Process, the Governors' Institute on Community Design (Institute) was invited to hold a workshop to help inform attendees about "best practices" and priorities for statewide planning, to identify proven tools for its implementation, and to provide recommendations on State agency alignment. The Institute's mission is to assist governors and their cabinets and staffs as they seek to guide growth and development in their states. A central goal of the Institute is to give governors practical solutions to the issues they face and a better understanding of how community design can be used to increase the social and economic well-being of their states and citizens. Funding by the Environmental Protection Agency and the National Endowment for the Arts enables the Institute to provide their expertise pro bono.

A workshop was held on May 18 and 19, 2011, in Trenton for the Christie - Guadagno administration (including several SPC members), staff and other State officials. During the first day of the workshop, the Institute's panelists gave a series of presentations on regional and city-level economic and physical development strategies as well as tools to align State agencies. Throughout the workshop, discussions focused on how the Christie - Guadagno administration can use its significant leadership skills, control over infrastructure, discretionary funding (defined in the broadest sense), and incentive programs to re-define statewide planning.

The report from the Institute (see Supporting Document E) provides details on their policy recommendations, references to best practices from other states, and information on follow-up assistance available through the Institute and other sources. As summarized, the report recommended that New Jersey should:

- Create a vision and shared guiding principles for economic development that will create places to attract and retain people, industry, and investment;

- Direct investment to priority areas, such as innovation corridors, major cities, transit-served communities and ports, to capitalize on existing infrastructure and deliver jobs;

- Deliver three to five flagship economic development projects, such as an innovation corridor linking New Jersey's universities and industry, through direct State coordination and investment;

- Protect areas that are an integral part of New Jersey's value proposition to corporate and individual residents: working landscapes, preservation areas, and open spaces; and

- Incentivize municipalities to create compact, livable communities that meet the needs of companies and knowledge workers and efficiently use infrastructure.

The Institute's report, along with the input and public comment received throughout cross acceptance, informed the development of this Plan.

V. Changing Realities Demand Bold Actions

Cross acceptance, stakeholder input and further research revealed many shifting trends, challenges and disconnects. Taken together, they create a situation requiring the paradigm shift reflected in this Plan. These include:

Decreased Prosperity[2]

- From 2003 to 2007, prior to the "Great Recession," New Jersey only captured 1.3% of the national market share of job growth, while its "fair share" should have been closer to 3%
- In 2009, a net out migration occurred with 53,744 households leaving the State
- New Jersey ranked as the fourth most expensive state in the nation for rental housing, after Hawaii, California and Maryland
- New Jersey's employment levels are at the same level as they were in September 1998, resulting in a "lost decade" of job growth
- New Jersey has the highest tax burden in the nation

Losing Ground[3]

- Suburban development in New Jersey, already the nation's most densely populated state, continued unabated and in fact gained momentum through 2007[4] before slowing down significantly due to market conditions affecting the region and nation
- From 2002 – 2007, the per capita consumption of land for each new resident was roughly 5 times the rate of land consumption in 1985 rate. During this time frame, New Jersey consumed 0.76 acres (33,311 sq. ft.) for each person added to the population.
- Land resources impacted most by this recent growth were forested land, agricultural land and wetlands
- Large-lot rural single family residential units were the largest single land consumer (27.1% of physical growth from 2002 to 2007) mostly in areas not served by public water and/or sewer infrastructure and not identified as growth areas by the 2001 State Plan

[2] Data cited from PlanSmart NJ's 2011 report "What's Land Got to Do With It: Examining the Connections between NJ's Economic Prosperity and Land Use Patterns." http://www.plansmartnj.org/FocusGroupReport.pdf
[3] Data cited from 2010 Rutgers / Rowan report "Changing Landscapes in the Garden State: Urban Growth and Open Space Loss 1986 – 2007" (Hasse / Lathrop). http://gis.rowan.edu/projects/luc/
[4] The 2007 NJDEP Land Use/Land Cover dataset is the most recent data set produced by NJDEP.

Monetary Constraints

- Pressure on State and local budgets in New Jersey continue to raise the prospects of tax increases and service cuts
- The State's rate of physical growth (five times greater than population growth over the past decade) has resulted in escalating costs for funding infrastructure maintenance, often without the revenue needed to cover the expenses long-term leading to higher taxes and/or service fees
- Unfunded maintenance of existing infrastructure means existing communities and utility companies face higher long-term costs, negatively impacting their fiscal position and competitiveness
- The purposeful avoidance of land uses that generate public service costs results in an anti-family land use agenda
- High housing costs and high taxes are a key barrier to attracting and retaining talented employees

Statutory Constraints

- Existing statutes push municipal land use decisions toward prioritizing preferred tax ratables over proper land use decisions
- New Jersey's property tax and school funding arrangement, which relies heavily on local property taxes to fund local public education, is an impediment to sustainable economic growth

Underperforming Urban Centers

- Many of New Jersey's urban centers are underperforming assets, yet these are the locations with existing human and infrastructure assets. In contrast, in other states, urban centers are economic engines creating a disproportionate share of state tax revenue, economic activity and job creation compared to suburban areas
- If New Jersey's urban centers continue as they are, the State will likely underperform on delivering economic productivity and a disproportionate amount of the burden for important public services will continue to be borne by suburban taxpayers
- Public safety and public education is of particular concern within major urban centers (and first ring suburbs) and if not addressed will be a disincentive to redevelopment and investment

Changing Demographics

- The "Millennial" Generation
  - According to the most recent American Community Survey prepared by the US Census Bureau, 64% of college-educated 25- to 34-year-olds looked for a job after they chose the city where they wanted to live, assigning preference

to more urban, walkable communities with a variety of activities, amenities, and housing options. These "millennials" now outnumber the "baby boom" generation.

- Companies are now prioritizing urban locations that are safe, convenient, and offer "24-7" amenities in order to meet the desires of millennials among others including retirees. "Smart Growth" neighborhoods are becoming the preferred consumer choice.
    - Research by the National Association of Realtors shows that Americans favor walkable, mixed-use, "smart growth" neighborhoods versus those that require more driving between home, work and recreation[5]
    - When considering a home purchase, Americans look for neighborhoods with abundant sidewalks and other pedestrian-friendly features, and would like to see improvements to existing public transportation rather than initiatives to build new roads and developments
    - Stakeholder testimony from New Jersey's development community agrees that this form of development is anticipated preferred by the next wave of potential home buyers
    - This form of development is also preferred by New Jersey environmental and community development stakeholders

- The desirability of "Transit Hubs"
    - Transit hubs are driving commercial leasing activity in the State, with the potential to drive new construction of office / commercial space in these markets
    - Market research supports that NJ commercial vacancy rates are lower and average asking rents are higher in the nine cities qualifying under the State's Urban Transit Hub tax credit program, as well as other transit villages (e.g. New Brunswick, Morristown) throughout the State.
    - A higher concentration of jobs, housing, retail, institutions and public open space could be present at each Transit Hub if zoning, investment strategies and market support were in place

A Broken State Planning Framework

- Lack of State Department / Agency Coordination
    - The Legislature, in the Act, found that NJ requires sound and integrated statewide planning and coordination of statewide planning with local and regional planning. This legislative intent has not been met.
    - "Silos" still exist in legislation, functional plans *and* regulations.
    - Public and private development projects get caught in the middle of conflicting regulations. Local governments find it difficult to plan for growth due to constantly changing rules and standards and often choose a path of inaction or allowing unplanned development to avoid the

[5] NAR Community Preference Survey 2011

expense and frustration of adopting plans and ordinances for planned development.

- Unintended Consequences
  - The Act was not intended to authorize a statewide land management system. If this was the intention of the Legislature, the SPC would have been provided that authority. Regardless, efforts to use the SPC and State Plan as a land management system have been unsuccessful and have led to endless disputes with local governments and private landowners.
  - Development patterns show that merely having a statewide Plan has not resulted in effectively mitigating sprawl in New Jersey's sensitive planning areas. More concerning is that it has not stimulated development and redevelopment in urban centers and other areas planned for growth
  - The process of revising and readopting the 2001 State Plan evolved into an attempt to completely re-write that document. This came at a great expense to the State and local partners.
  - Existing linkages between the Act, the 2001 State Plan and the State Planning Rules, and enabling statutes and regulations of other State Departments and Agencies have *not been* fully understood. Supporting Document F includes a document that identifies and describes these linkages. Supporting Document G includes a table that itemizes the linkages related to incentive and investment programs.
  - The intent of the State Plan Policy Map was to give the goals and policies of the State Plan a geographic context. The State Plan Policy Map became a land use regulation tool as a result of the current linkages between the State Plan and the NJ Department of Environmental Protection (DEP) regulations for "planning areas" and "centers." As a result, insufficient consideration is given to essential local and regional planning priorities such as public facilities, affordable housing and economic growth. A perfect example is that the highly-criticized DEP "Blueprint for Intelligent Growth (BIG Map)'" lives within the current DEP Water Quality Management (WQM) regulations. In cross acceptance, DEP negotiated for revisions to the Policy Map to reflect data relied on in its WQM regulations, seeking to position flawed data (for example, DEP's Landscape Project) above local and regional planning priorities.
  - While center-based development is the preferred development pattern of the State Plan, the regulatory process that was created to "designate" centers fails to recognize that centers exist whether they are designated or not. Further complicating matters is that existing regulations include a sunset provision for center designation. The result is that most true centers around the State are not currently designated as such or have only been partially recognized pursuant to the provisions of the Permit Extension Acts of 2008 and 2010.

- Current State Planning Rule require that centers be designated though a complex and expensive process known as "Plan Endorsement."[7] The intention of Plan Endorsement was to provide private and public development projects in centers with a streamlined regulatory path and preference for funding for infrastructure and other discretionary funding. For various reasons, these benefits never truly materialized. To date, only ten municipalities and three "regions" have had their petitions approved. Stakeholder input suggested a minimum cost of $100,000 to receive Plan Endorsement with costs in some cases escalating to over $300,000. State funding that was previously available to offset some of this expense is no longer available. Engaged local government feedback in response to a recent OPA survey (see Supporting Document I) shows a clear commitment to good planning yet reluctance to participate in Plan Endorsement due to the time, complexity and expense of the process.

VI. Moving Forward: Guiding Principles, Goals, Objectives and Strategies

The changing realities identified in Section V demand bold actions. Effective change is needed to ensure a sustainable State for the future. Moving forward, New Jersey will focus its policies and investments on ***vibrant regions by fostering critical job growth, supporting effective regional planning and preserving the State's critical resources.*** Coupling this focus with sound decision making will make New Jersey ***the national leader in coordinated private and public investment which supports sustainable communities that attract and provide strong economic opportunities, preserve our State's natural resources, and create healthy communities to work, reside and recreate.***

This Plan sets forth specific goals that will position New Jersey to deliver on this Vision. These goals must work in harmony as their interrelationship is a critical piece of the State's blueprint for success. Economic growth initiatives, economic and physical development efforts, and land preservation must be well-coordinated. This coordination will provide protection for State investments in that it will discourage public expenditures on infrastructure encroaching on critical resource areas and instead encourage investment in areas most suitable for growth.

[7] Supporting Document H outlines the current requirements for a municipality to achieve Plan Endorsement

Putting these goals into action requires State leaders to exercise sound decision making as specific situations arise. State decision makers should embrace the following "**Guiding Principles for State Decision Making"** and in doing so, inspire and incentivize decision makers at all levels of government to do the same:

- **Predictability:** The State of NJ will offer a clearer path and quicker answers. The path and the answers offered by one Department / Agency will not conflict with those of another.
- **Spatial Efficiency:** The State of NJ will place value on the economic, social and environmental benefits of investing in areas where infrastructure already exists in an effort to control long-term costs of public services, reinvigorate existing communities, and protect important natural resources.
- **Leveraging Assets:** The State of NJ will work with the private sector, higher education and all levels of government to ensure that State assets are leveraged in strategic locations.
- **Sustainability:** The State of NJ will plan for and respond to current and future challenges and opportunities through adaptive decision making that accounts for social, economic and environmental protection and enhancement.
- **Institutionalizing Change:** The State of NJ will ensure that progress made is institutionalized in a way that can transcend time without perpetual recasting.

GOALS OF THE STATE STRATEGIC PLAN

Goal 1: Targeted Economic Growth: Enhance opportunities for attraction and growth of industries of statewide and regional importance.

Goal 2: Effective Planning for Vibrant Regions: Guide and inform regional planning so that each region of the State can experience appropriate growth according to the desires and assets of that region.

Goal 3: Preservation and Enhancement of Critical State Resources: Ensure that strategies for growth include preservation of the State's critical natural, agricultural, scenic, recreation, and historic resources, recognizing the role they play in sustaining and improving the quality of life for New Jersey residents and attracting economic growth.

Goal 4: Tactical Alignment of Government: Enable effective resource allocation, coordination, cooperation and communication among those who play a role in meeting the mission of this Plan.

For each of these goals, objectives and initial strategies, responsibilities and an implementation timeline will be established by OPA working through the framework of the "Department Strategic Plans" discussed under Goal 4. The absence of a specific strategy should not be construed as a lack of interest to implement a relevant strategy if an opportunity (funding, partnership, etc.) presents itself that will meet the goals. Further, several strategies will serve to advance more than one goal. Such strategies are listed only once under the goal that will be most advanced by its implementation. OPA will be charged to work with partners to lay out a detailed plan to accomplish each strategy prior to the next statutorily required re-examination of this Plan (3 years).

Goal 1: Targeted Economic Growth

Goal Statement: Enhance opportunities for attraction and growth of industries of statewide and regional importance.

Retaining and attracting firms that will employ New Jersey's existing and future residents is at the core of this goal. However, common tools for job retention and creation such as tax credits, research and development, training programs, and physical infrastructure are not sufficient to spur "organic" growth. Job retention and creation efforts can be strengthened by focusing on regional strategies through the cultivation of a new "industry cluster" based development strategy.

The Brookings Institute offers a useful organizing definition for this new development. "Regional Innovation Clusters" or RICs are defined by the Brookings Institution as a "regional assemblage of firms along with suppliers, trade associations, educational institutions and related coordinating organizations working in the same field." This definition offers an organizing geography to economic activity. Properly designed cluster strategies are a low-cost way to stimulate innovation, new-firm start-ups, and job creation by helping to link and align the many factors that influence firm and regional growth.

Firms tend to be more successful when they group together geographically due to information spillovers, local non-traded inputs (e.g., personnel costs, media and information, education and communication operating costs, transportation operating costs, utilities, building capital costs, transportation capital costs) and a skilled local labor pool. Of particular note is the relationship between RICs and the location of higher education institutions and institutions that deliver workforce development programs. Higher education institutions and others that deliver workforce development are often located within and often lead to private / public partnership resulting in innovation and economic growth. As such, a statewide "RIC" strategy must recognize the role that the State's higher education institutions can and must play.

RICs, by their nature, tend not to follow geographic boundaries created through land use plans, environmental regulations or government jurisdictional borders. The Brookings Institution recognizes that "cluster thinking" places the policy focus on

regions, drawing attention to the real-world dynamics of regional economies. As such, cluster strategies provide a vehicle for coordinating fragmented policies and improving efficiencies. To do so, hard data must drive the process in order to provide information for decision makers to make objective assessments about the nature, competitive prospects, and specific needs of different regional industry concentrations.

Priority Industry Clusters

To meet the goal of "targeted economic growth," the State will identify "priority industry clusters" and develop strategies that allow firms to flourish in place, to the greatest extent feasible. These strategies, however, must be complemented with a local agenda that makes those places attractive for new firms to locate. The preferred location for RICs is at or in close proximity to assets such as commuter transit hubs, freight lines, nautical ports, airports, higher education facilities and existing corporate campuses where adequate infrastructure exists. In addition, studies have documented that high-technology businesses, research and development firms, and corporate headquarters rely on "knowledge" or "talent" workers who strongly consider quality of life, and recreational resources in particular, when making employment decisions. Goal 2 deals with strategies for these types of amenities within a regional framework.

Sectors of Statewide and Regional Significance

Table 2 includes priority industry sector groupings recognized for their statewide and regional importance in light of the economic benefits they are already providing to the State. These sector groupings are largely consistent with the "talent networks" recently established by the Department of Labor and Workforce Development for delivering strategic workforce development. A review of New Jersey's strengths and assets, as outlined in Section II, reflects the critical role these industries play in New Jersey. However, this is not to say other industry sectors are not important. Success of these core industries will create secondary benefits that will contribute to the growth of other industries.

Table 2					
Industry Cluster Employment and Wages 2009 Annual Averages					
Industry Cluster	**NJ Employment**	**% of NJ Employment**	**Total Wages (B)**	**% of NJ Wages**	
Bio/Pharma & Life Sciences	125,965	4.0%	$14	8.1%	
Trans., Logistics and Dist.	364,429	11.5%	$23	13.4%	
Finance	189,914	6.0%	$19	11.0%	
Advanced Manufacturing	254,862	8.1%	$12	7.0%	
Technology	218,731	11.3%	$21	12.2%	
Health Care	414,000	13.1%	$21	12.2%	
Totals	1,931,411	**61.2%**	$110	**64.0%**	
All Industries	3,157,716		$172		
Source: NJ Department of Labor & Workforce Development, Quarterly Census of Employment & Wages (QCEW)					
2009 Annual Averages					

These industry sector groupings represent approximately 61% of New Jersey's total employment and approximately 64% of the total wages earned. A general description of each industry cluster is included as Supporting Document J.

The maps included in Supporting Document J identify the areas where these firms are geographically located today. Further analysis will be conducted to narrow this geographic focus to the core areas of the State where these sector groupings have the greatest locational advantages and can be supported efficiently with limited public resources and infrastructure.

The State will also focus on other industries and create strategies for growth in strategic locations within the framework of existing industry clusters, if possible. The following three industries provide additional growth opportunities for New Jersey:

Green Economy

- New Jersey is ranked 2nd in the country for installed solar, with 380MW as of June 30, 2011, powering over 10,000 homes and business. Over 200 solar energy businesses contribute an estimated 3,000+ high-paying, high-quality jobs to the local economy.
- New Jersey is a recognized leader in offshore wind. The Offshore Wind Economic Development Act provides a funding mechanism for projects and establishes tax credits of up to $100M for manufacturing and supply chain development in select areas of the State. New Jersey has established a wind energy area map that can accommodate up to 3,000MW of offshore wind.
- New Jersey has invested in the redevelopment of the Port of Paulsboro to enable "build-to-suit" manufacturing and supply chain facilities that could complement other advanced manufacturing sectors like green energy.

Leisure and Hospitality (Tourism) Industry

- This industry represents over $35 billion per year, or 8.8% of the State's gross domestic product.
- Many of the businesses within this sector directly and indirectly support the State's tourism industry.
- In total value, tourism is the 3rd largest industry in the State with room to grow considering new opportunities for gaming, sports and entertainment, and heritage (environmental, agricultural and historic) tourism.

Food Production & Processing

- New Jersey has over 10,000 farmers that produce products valued at $1 billion per year. As a national leader in the production of many agricultural products, local farmers and aquaculturalists will be at an advantage over out-of-state competition if transportation costs continue to rise. Access to locally grown food will help residents hedge against anticipated rising food costs for fresh and healthy food.
- Over half of New Jersey's unrestricted open space is owned and operated by farmers that wish to continue in the industry if it remains economically viable for future generations.
- Food production and processing contribute roughly $2 billion annually to the State's economy
- New Jersey's commercial fishing industry also has competitive advantages. A prosperous commercial (and recreational) fishing industry also means retaining other industries like shipbuilding, maintenance and repair, and support services. These are all complementary to a prosperous offshore wind industry.

Farmland (preserved or otherwise) is a principal factor of production required to perpetuate the agricultural industry. With over half of NJ's remaining unprotected open space in agricultural use, keeping the agriculture industry viable is a strategy that meets both economic development and environmental protection goals. Farmland and farmers should be treated by land use regulating agencies as an asset, not a nuisance. Purported adverse economic and social impacts of industrial agriculture of the past should be re-examined. Farming has changed and will continue to change in New Jersey. There is evidence that a transition is afoot to more environmentally and economically sustainable farming methods. This transition is bringing fresh, healthy, affordable and safe food to the kitchens of New Jersey's households. The State must rethink its treatment of the stewards of our land and water based economies: the farmers and the commercial fisherman. Protecting natural resources must be complemented with equal protections for those that work the land and continue our maritime traditions.

Objectives

1.1 Map Priority Industry Clusters for Sectors of Statewide Significance

OPA, using existing resources within State government and other outside experts, will identify Priority Industry Clusters and identify optimal locations for the identified sectors and the three identified industries to flourish through a collaborative mapping process. Once mapped, OPA will partner with leaders of the identified sectors, local government, regional planning entities and higher education institutions within the region to understand and advocate for solutions (physical/regulatory/fiscal) to spur growth in that region. OPA will assist in establishing regional planning efforts in places where priority industry clusters exist and where no regional entity is actively focusing on physical and economic development.

1.2 Improve Conditions for Sectors of Statewide Significance

For the identified sectors of statewide significance, the Partnership for Action, along with other State agencies, will investigate physical and economic development challenges and opportunities, infrastructure needs, and "critical path" regulatory analysis for development or expansion. Through Department and/or agency actions, the State will apply what is learned and share with local government. The same will be done for the other three identified industries with identified agencies taking the lead.

1.3 Support of Land and Water Based Industries

Relevant State agencies will reconsider regulations that restrict the growth of farming, fishing and appropriately scaled green energy infrastructure. OPA and others will advocate for legislation that expands protections for farming and port industries.

1.4 Align Partnerships & Working Groups

OPA will create working groups to bring together industry leaders from the identified sectors and officials from government and higher education to identify and prescribe actions to be taken related to physical and economic development. The Partnership for Action will work with partners to sponsor a conference that brings together leadership from the Priority Industry Sectors and higher education to facilitate communication, partnerships and innovation.

Goal 2: Effective Planning for Vibrant Regions

Goal Statement: Guide and inform regional planning so that each region of the State can experience appropriate growth according to the desires and assets of that region

New Jersey is comprised of a collection of unique regions which are influenced by in and out-of-state urban centers and driven by evolving global trends. As noted previously, these trends are shifting and as such, the State's physical development planning must take these shifting trends into account.

Today's skilled labor force is looking to work in safe communities, with access to quality education, housing, public transportation, parks, recreation and other urban amenities. Existing and anticipated consumer preference appears to transcend the conventional urban, suburban or rural classifications. Quality, mixed-use neighborhoods with local jobs that are accessible by mass transit are what is in demand. Urban amenities are now a significant factor to job choice, the State must ensure that the right amenities are locationally aligned to where the job opportunities are. Recognizing and working within a regional context will allow New Jersey to capitalize on these locational advantages and align its economic growth goals with its goals for physical development.

The State's goal for "Vibrant Regions" recognizes that every region should have the opportunity to experience appropriate growth according to the desires and assets of that region. Effective regional planning will require a focus on criteria based identification and physical planning best practices. A standardized "one size fits all" statewide approach will not work. Rather, to advance effective planning, the State will align policies, people and dollars toward regional planning that reflect "Priority Growth Investment Areas" as well as regions that implement best practices under the "Garden State Values" described further in this goal. To identify these opportunities, each region must have an honest conversation about its strengths and weaknesses in order to establish a vision for its future. In certain regions, these conversations are already taking place. These conversations must include all regional stakeholders. Public and private partnerships will be encouraged.

Priority Growth Investment Areas

To address the statutory requirement of the Act to "identify areas for growth" this Plan recommends meeting that requirement through a criteria-based identification of areas for growth investment. As this Act does not regulate the use of land in the State of New Jersey, this role is fundamentally limited to State agency decisions on public investments, incentives, and State level land use regulations. These *"Priority Growth Investment Areas"* should be supported at all levels of government and, where appropriate, government should consider ways to remove barriers for suitable private and public investment.

The following types of areas should be at the core of these criteria, to be established by the SPC through revisions to the State Planning Rules:

- Major Urban Centers, as previously identified by the 2001 State Plan;
- Areas identified as "Priority Industry Clusters" (See Goal 1);
- SPC Designated Centers (currently or previously designated as such by the SPC)
- Port areas;
- "Existing Communities" and/or "Growth" areas, as designated by Regional or County Master Plans;
- Municipally designated redevelopment areas and receiving areas under Municipal Transfer of Development Rights Programs;
- Areas designated by existing or future federal and/or State targeted public investment programs;

To assist local and regional governments in analyzing the viability of Priority Growth Investment Areas the State should prepare maps including the most up-to-date information on infrastructure, such as water, wastewater, roads, transit, energy transmissions and significant regional facilities. The State must also be mindful of the critical natural resources located in the targeted area and understand how those natural resources either support growth through their contribution to livability factors or hinder growth due to the need for environmental protection.

Once the physical growth potential is understood, the State should identify regional partnerships (economic development, planning or civic associations) that have already made the connection between economic and physical development for that region. The State will work with those entities to help identify and prioritize outcomes for the area. In doing so, other statewide values (see below, Garden State Values) must be part of the conversation so that multiple bottom lines can be met.

The following is an illustrative list of existing organizations that could fill this role:

- County Planning Boards and/or Improvement Authorities
- Pinelands Commission, Highlands Council and Meadowlands Commission
- Casino Reinvestment Development Authority
- Fort Monmouth Economic Recovery Authority
- Central Jersey Transportation Forum – Rt. 1 Regional Growth Strategy
- Somerset County Regional Partnership
- Burlington County River Route
- Joint Land Use Study (Burlington and Ocean Counties)
- South Jersey Economic Development District (Next Gen)
- Western / Southern Cumberland Regional Strategic Plan

To address the statutory requirement of the Act to "identify areas for limited growth" this Plan recommends that areas of the State that do not meet the designations listed above will be identified for limited growth. These should include at least two types of "Priority Preservation Investment Areas." First, those identified as important to protect for agricultural use. Second, those identified as important to protect for preserving open space and critical environmental resources.

To address the statutory requirement of the Act to "identify areas for agriculture" this Plan recommends relying on the identification of "Agricultural Development Areas" under the authority and process already established by the State Agriculture Development Committee (SADC) under the authority of the Agricultural Retention and Development Act. This also addresses the statutory requirement to "protect the natural resources and qualities of the State."

To address the statutory requirement of the Act to "identify areas for open space conservation" this Plan recommends relying on the identification of existing open space (federal, state, local and non-profit) and areas identified by local, state, regional and federal government to future preservation under a process to be established by the NJ Green Acres Program. This also partially addresses the statutory requirement to "protect the natural resources and qualities of the State…."

Garden State Values

To address the statutory requirement of the Act to "coordinate planning activities and establish statewide planning objectives" and to "promote development and redevelopment in a manner consistent with sound planning where infrastructure can be provided at private expense or with reasonable expenditures of public funds" this Plan focuses on best management practices to ensure that those engaged in the planning and execution have a roadmap to success and predictability regarding the type of development and redevelopment the State will put resources behind. To that end, the SPC is establishing the "Garden State Values." These values will be used advise the "Priority Growth Investment Area" criteria, referenced above.

These values reflect the appropriate balance of channeling growth toward existing infrastructure, promoting urban and first tier suburban redevelopment initiatives, protecting critical natural resources and promoting healthy lifestyles. These values will be the basis for future discretionary State investment through the scorecard system discussed under Goal 4.

Garden State Value #1) Concentrate Development and Mix Uses

Promote development in Priority Growth Investment Areas that are compact, conserves land and offers shopping and services within convenient walking distance of home and jobs. Build with suitable designs and densities that support walking, biking and public transportation.

Garden State Value #2) Prioritize Redevelopment, Infill, and Existing Infrastructure

Strengthen cities, towns and neighborhoods by prioritizing redevelopment, the reuse and remediation of existing sites and structures, and construction on infill sites that are compatible with surrounding uses. Upgrade existing infrastructure where needed, before adding new capacity. Encourage sustainable development that incorporates green design and construction principles and opportunities for renewable energy and efficiency.

Garden State Value #3) Increase Job and Business Opportunities in Priority Growth Investment Areas

Provide opportunities for investment near housing, infrastructure and transportation. Support economic growth by addressing the land use and infrastructure needs of targeted industries and areas, consistent with these principles.

Garden State Value #4) Create High-Quality, Livable Places

Ensure each community offers an environmentally healthy place to live, work and play. Enhance community character and design, especially in historic areas, by reusing significant buildings, reinforcing architectural styles and providing pedestrian-friendly streetscapes. Improve community plazas and parks and connections to waterfront areas.

Garden State Value #5) Provide Transportation Choice & Efficient Mobility of Goods

Maintain and enhance transportation options that improve access, safety, affordability and air quality for all users: walkers, bikers, transit-users, ride-shares and drivers. Improve strategic freight and public transportation infrastructure that supports sound economic growth. Encourage options for low emission and alternate fuel vehicles.

Garden State Value #6) Advance Equity

Consider the equity of property owners during planning and implementation. Improve access to opportunity, housing, jobs and schools for all New Jersey residents.

Garden State Value #7) Diversify Housing Opportunities

Support construction and rehabilitation of homes that meet the needs of households of all sizes and income levels, located near jobs and transit and where services are available.

Garden State Value #8) Provide for Healthy Communities through Environmental Protection and Enhancement

Protect and restore the environment, sensitive lands, ecosystems and natural resources. Ensure healthy places through an increase in the quantity and quality of preserved land. Improve quality of air, water and land. Reduce energy use, carbon emissions, water degradation and other impacts of development.

Garden State Value #9) Protect, Restore and Enhance Agricultural, Recreational and Heritage Lands

Support agriculture and locally-grown food consumption through protection and preservation of farmland. Protect agricultural, historic sites and landscapes. Provide accessible neighborhood parks and recreational systems.

Garden State Value #10) Make Decisions within a Regional Framework

Maintain up-to-date, coordinated local, regional and State functional plans that reflect these principles and can provide a regional framework for making decisions about capital investments, programs, regulations and development applications. Gather and consider public input.

Objectives

2.1 Establish "Priority Growth Investment Area" Criteria

The SPC will amend the State Planning Rules to replace Subchapter 8 (the State Plan Policy Map) with a criteria-based process for determining whether certain land qualifies as a "Priority Growth Investment Area." State agencies with land use or investment decision authority will connect to this designation starting within their Department Strategic Plans (as discussed in Goal 4) and eventually within their own functional plans, regulations, programs and operations.

2.2 Increase Readiness and Availability of Redevelopment Sites

EDA and the New Jersey Redevelopment Authority (NJRA) will investigate and if feasible, develop a State program to actively assemble land in Priority Growth Investment Areas. The Brownfields Redevelopment Interagency Team (BRIT) / BAC will investigate, and if feasible, develop a shovel-ready program that certifies industrial sites as ready for development. The Department of the Treasury and NJ Transit will assess opportunities for long-term job producing economic development through public and private partnerships on vacant and/or underutilized State-owned land.

2.3 Invest in Growth Infrastructure

The Department of Transportation (DOT) will prioritize improvements that will allow for the lessening of weight restrictions on existing freight lines. DOT will continue full engagement with the State's three Metropolitan Planning Organizations (MPOs) as they develop the State Transportation Improvement Programs and will connect project priorities to this Plan. DEP will increase opportunities for community water treatment facilities that would support higher density development in lieu of expanding regional wastewater systems and/or continued sprawl and review and propose changes to existing regulations related to Wastewater Management Plans. OPA will review and recommend solutions to providing growth infrastructure in growth areas within the Pinelands, Highlands and Meadowlands working with those regional planning entities within the context of their statutory mandates.

2.4 Influence Implementation of Priority Growth Investment Area Development

Relevant agencies will clarify regulations and requirements that relate to growth infrastructure, namely sanitary sewer service, public water, road access permits, Residential Site Improvement Standards (RSIS) and affordable housing. State funding will be prioritized for infrastructure based on performance- based outcomes within Priority Growth Investment Areas.

2.5 Assist Urban Center Evolve into Components of Healthy Metropolitan Areas

OPA will participate in statewide partnerships (for example, DOT Transit Village Working Group) and advocate for solutions (regulatory/fiscal) to spur "Transit Oriented Development." OPA will advocate for solutions (regulatory/fiscal) within the framework of physical and economic development strategies for improved access to healthy, safe and reliable food and active and safe communities. This will include the creation and rehabilitation of parks and recreation areas. Research options to create a statewide "Food Policy Council."

2.6 Strengthen County Planning Role to Facilitate Regional Collaboration

OPA will advocate for amendments to the County Planning Act to better position county government to partner with municipalities to meet existing responsibilities under the Municipal Land Use Law (MLUL) in more efficient and cost-effective ways.

Goal 3: Preservation and Enhancement of Critical State Resources

Goal Statement: Ensure that strategies for growth include preservation of the State's critical natural, agricultural, scenic, recreation and historic resources, recognizing the role they play in sustaining and improving the quality of life for New Jersey residents and attracting economic growth.

To protect existing State investments in "Priority Preservation Investment Areas" and to ensure the success of economic growth initiatives, economic and physical development efforts and land preservation planning must be well-coordinated. It is recognized that protection of the environment is not a passive process and that growth and environmental protection/enhancement must be joined strategically and holistically. A critical aspect of this goal is the need to develop a balanced plan for transportation, energy, water supply, water quality and air quality management that is coordinated with this new approach to growth.

The State's preservation programs support vibrant regions and improve New Jersey's quality of life in many important ways: they provide residents with a myriad of outdoor recreation opportunities and they permanently protect NJ's scenic beauty, agricultural resources, biodiversity, and cultural heritage. New Jersey citizens have long recognized these benefits, approving 13 statewide ballot initiatives since 1961, including two during the recent recession. Voters have also approved local preservation referenda in all 21 counties and in 236 municipalities.

Less widely recognized are the tremendous economic benefits offered by NJ's preservation programs. Preservation supports NJ's economic development by attracting and retaining businesses in key sectors. As noted under Goal 1, jobs are flowing to regions with a high quality of life; where people find it desirable to live. The Institute recognized this aspect as well, stating: "[I]f New Jersey wants to attract and retain people along with industry, part of its attraction is having open spaces, recreational, and agricultural areas within the State." A strong system of public parks and active preservation programs clearly are vital to an amenities-based economic development strategy to attract and retain businesses in New Jersey's priority industry clusters.

Preserved lands also benefit the State economically by serving as a jobs creator; driving the State's tourism industry through a diverse and aesthetically pleasing landscape; supporting the State's real estate market by attracting homebuyers and increasing the values of proximate residential and commercial properties; and creating a variety of jobs that range from appraisers and title searchers who provide due diligence for land acquisitions to engineers and construction workers who help create and rehabilitate parks.

Preservation and park development will also play a key role in implementing the "Garden State Values" through addressing two of the State's biggest economic drains – rising health care costs and sprawl. By creating new parks, rehabilitating existing parks, and preserving land that provides locally grown fruits and vegetables, New Jersey's preservation programs directly support healthy lifestyle choices that reduce health care costs. New Jersey's preservation programs help avoid the high costs of sprawling growth patterns by channeling growth to developed areas, discouraging high-cost infrastructure extension, and supporting urban and first-tier suburban redevelopment initiatives.

Ecosystem services represent the most notable economic benefit of the State's preservation programs. These services include drinking water protection, flood hazard mitigation, and water body quality protection. Economic values connected with these services – from averted costs of drinking water treatment; flood damage and emergency services; flood reduction and stormwater management engineering projects; and damages to tourism and commercial fishing – have been conservatively estimated to save the State hundreds of millions of dollars each year. This Plan relies on regulating agencies and collaborative land preservation efforts to meet the statutory requirements of this Plan to "protect the natural resources and qualities of the State…."

Contrary to conventional wisdom, research has shown that preservation achieves these benefits with minimal or no opportunity cost in the form of lost property taxes. The neutral or positive tax impacts of preservation hold true not only for farmland easements, where the owner continues to own the land and pay property taxes, but also for publicly purchased open space lands. Preserved open space properties can have a net positive impact on a local tax base, particularly in the long term, by increasing property values and taxes paid on proximate properties. True tax stability in a community thus depends not on pursuing one kind of development to the exclusion of others, but on balancing and mixing land use types.

Return on investment (ROI) analyses have documented the net economic value of land preservation. Recent studies have found that for every $1 invested in land preservation, the economic return on investment in terms of natural goods and services averages approximately $4. A 2009 analysis of the $400 million Green Acres/Farmland Preservation/Blue Acres bond measure concluded that every $1 invested by NJ would achieve a $10 benefit. Since they do not include tourism, job creation, property value, medical cost of other benefits, these studies actually significantly understate land preservation's true ROI.

To continue on this strong foundation for preservation, New Jersey must focus its funding efforts in two ways. First, towards projects that maximize the benefits of public investments and result in the greatest quality of life improvements for New Jersey residents. Second, through protecting the State's substantial preservation investments by safeguarding the quality of life benefits of existing preserved lands. Protections for the owners and operators of preserved farmland must also be established when appropriate to help ensure that those lands continue to be used as intended, for agricultural production.

Sustainable funding will be necessary to achieve these goals. Existing State preservation funds are almost exhausted. It is important to note that the State is not the only, or in some areas even the primary, entity investing in preservation in New Jersey, and virtually all State preservation funds are matched – by county and municipal preservation funds, foundation funding, federal grants, and nonprofit funds and donations. Thus, the State's investment acts to leverage these dollars.

Mechanisms that provide for the permanent preservation of land through density transfer also must be encouraged and made easier to implement. By providing a mechanism for private sector involvement, density-transfer tools such as single-site and non-contiguous clustering and Transfer of Development Rights (TDR) preserve land with limited public funding involvement. While these tools currently exist in New Jersey, they are not widely used due to the complexities inherent in their implementation. The August 2010 TDR Statewide Policy Taskforce report, "Realizing the Promise: Transfer of Development Rights in New Jersey", offers a number of recommendations to encourage the widespread, effective use of density-transfer in New Jersey , including statutory and regulatory reforms and increased State administrative support. These recommendations should be reviewed and implemented to the extent feasible.

Objectives

3.1 Provide for the Continued Success of the State's Preservation Programs

The agencies that administer the State's preservation programs will establish strategic goals and implementation strategies to maximize benefits of preservation. Preservation investments that achieve multiple public benefits, including those that support economic development initiatives, will be prioritized. A dedicated, sustainable source of preservation funding should be identified and established through a combination of executive and legislative leadership.

3.2 Coordinate Functional Plans Related to Transportation, Energy and the Environment with Land Use and Economic Development Initiatives

The State will ensure that state agency functional plans, for example, transportation, energy, water supply, water quality and air quality management, are coordinated with economic development goals and objectives.

3.3 Coordinate State Preservation and Economic Development Initiatives

The State's preservation and economic development agencies will share plans, supporting data, mapping, and criteria for site selection so that State investments in these goals are coordinated and produce the maximum public benefit, both through the focus on different geographic areas where appropriate and through joint investments in targeted areas.

3.4 Strengthen and Expand Regional and Municipal Land Use Tools

OPA and State regulatory agencies will review and begin implementing, as appropriate, the recommendations of the TDR Statewide Policy Taskforce. Executive and legislative leadership will be required to effectuate the statutory reforms necessary to promote the use of density-transfer mechanisms. OPA will also review and recommend ways to strengthen the Pinelands Development Credit Program, the Highlands Development Credit Program, and the State TDR Bank.

Goal 4 - Tactical Alignment of Government

Goal Statement: Ensure effective resource allocation, coordination, cooperation and communication among those who play an imperative role in meeting the mission of the Plan.

Feedback through cross acceptance was overwhelmingly in agreement that previous attempts to align State government using the mechanism of the SPC and the existing implementation tools have failed. This failure was not necessarily a failure of vision but that of implementation and a lack of authority.

Regardless of the cause, the effects on New Jersey are real and have discrete costs. These costs are passed on to consumers and taxpayers. Conflicting State requirements and regulations also make it difficult for local governments to effectively plan and zone. Private property owners must face unpredictable and changing conditions as they pursue the highest and best use of their land under current laws and regulations. Inherited issues need to be addressed through Executive Branch leadership combined with regulatory and, when appropriate, legislative reform.

Executive Leadership

Alignment of State government is a critical duty of the Executive Branch. Leadership on this issue will come from the top. The Governor and Lt. Governor should take appropriate actions requiring each relevant Department and/or Agency to develop strategies that integrate the mission, vision, goals, objectives of this Plan into:

- Program and rule changes;
- Annual capital spending plans;
- Intra and inter-agency coordination efforts; and
- Staff training regarding the role of this Strategic Plan, Guiding Principles and Garden State Values within program delivery.

OPA will serve as the professional support needed to move the process of alignment forward working with leadership in the Offices of the Governor and the Lt. Governor. Facilitating interactions and dialogue among all stakeholders and ensuring timely delivery of actions by those involved will be the foundation of OPA's reorganization within the Department of State.

OPA must have adequate resources to perform the functions contained within this Plan. Alternative funding options should be considered that do not rely solely on the annual operating budget of the Department of State.

State Department and/or Agency Implementation

To addresses the statutory requirement to "develop and promote procedures to facilitate cooperation and coordination among State agencies" a Steering Committee will be formed to advise the Executive Branch regarding State implementation of this Plan. This will include, by way of example, alignment of functional plans of agencies and the regulations that flow from them, pooling existing discretionary investments and ensuring they are being spent strategically. This will ensure that every State Department and/or Agency with a role in physical and economic development and resource preservation has a role in this alignment and ensure that the transformation breaks down any silos that exist within each Department and Agency.

NJ Transit and other established transportation authorities play a major role in transportation planning through its investments and service decisions. The Port Authority of New York and New Jersey and the Delaware River Port Authority have major roles in transportation and economic development for New Jersey and the region. Alignment must also take these additional regulatory authorities into consideration.

Alignment is not just about regulations, policies and staff, but requires strategic alignment of capital. While cash strapped, the State does have the ability to pool existing discretionary resources from State Departments and/or Agencies to advance investment in priority areas for priority projects. This pooling does not require the creation of a new layer of bureaucracy but rather serves to identify funds that can be tapped when needed for focused investment. Funds will remain in their place of origin but will be made available as part of the coordinated investment at the time they are needed. This funding mechanism will be known as the "Garden State Fund" and will be the catalyst for coordinated resource investment.

Local Government & Regional Entity Alignment

The Act also requires cooperation with local government and regional entities through planning and technical assistance. This "vertical" coordination is imperative for success.

A major challenge is that land use authority resides in many levels of government outside of the framework of the Act. Of New Jersey's roughly 4.8 million acres, the regulatory authority of the Act only impacts roughly 70% of the State leaving regulatory authority to fall within other established regional planning entities including:

- Pinelands Commission;
- Highlands Council;

- Meadowlands Commission; and
- Casino Redevelopment Authority.

The State's land management system is the Municipal Land Use Law. Working within this system is the only rational way to move forward as long as the current statutory relationship between State and municipal government is in place. Municipal governments currently have the obligation to plan, zone and act on development applications that come before them. In addition, all county governments have some form of regional planning programs and have limited but important authority over development applications. Shared responsibilities for public services related to physical and economic development faces practical (e.g., union contracts and civil service restrictions) and political (e.g., local opposition due to fear of loss of "home rule") barriers.

An encouraging trend is the establishment of regional planning partnerships that transcend political boundaries without the benefit of land use authority. Some examples include the Somerset County Business Partnership, Burlington County's River Route, the Central Jersey Transportation Forum and the Newark Regional Business Partnership. One goal of vertical coordination is to create a framework for engagement and the ability to leverage planning entities, such as these, that are local to the region and managing economic development in their region.

Planning authority also takes place at government levels above the State's authority. Federal transportation planning takes place within the framework of New Jersey's three Metropolitan Planning Organizations (MPOs):

- North Jersey Transportation Planning Authority;
- Delaware Valley Regional Planning Commission;
- South Jersey Transportation Planning Authority.

In addition, relationships with additional federal agencies must be formed or enhanced (e.g., the Environmental Protection Agency, the Federal Highway Administration and the Department of Housing and Urban Development) as they are now promoting a new Federal agenda for healthy and sustainable communities.

The SPC will continue to serve its statutory functions and will prioritize serving as a conduit for this vertical engagement. The SPC will utilize the "Garden State Values" to create tools to engage partners and will work with these entities to ensure that local land use ordinances work with, not against, opportunities for investments that benefit the regions of the State.

Objectives

4.1 Cohesive State Government

The Governor should appoint a Steering Committee, establish their authority as an advisory group and approve their working agenda. In tandem, affected State Departments and/or Agencies will establish Department Strategic Plans to integrate and implement the Strategic Plan and will assign a senior staff member to serve as the "Strategic Plan Liaison" to be responsible for the transition and implementation. State leadership will identify non-governmental entities relevant to this process and establish a framework for coordination.

4.2 Connect Spending to the State's Goals and Values

The Steering Committee will identify a list of existing funding sources from which a share can be made available and pooled under the "Garden State Fund." State Departments and Agencies will be tasked with combing through their existing funding sources and mechanisms and identifying funds to serve this purpose. Through a statewide scorecard or other prioritization methods, connect this pooled funding to priority projects and to jurisdictions that demonstrate a connection to the Garden State Values.

4.3 Re-focus the State Planning Commission for Local Government Coordination

The SPC will continue to serve its statutory functions and focus on serving as a forum for public input and as a body that provides tools for vertical alignment with local government and other partners. The SPC will take steps to develop and establish the criteria for "Priority Growth Investment Areas." The SPC will revise State Planning Rules (Chapter 7) to discontinue Plan Endorsement and position a scorecard system in its place that recognizes and incentivizes actions taken by local government consistent with the Garden State Values. Plan Endorsement petitions close to completion will be completed if the municipality wishes to proceed. The SPC will discontinue the practice of designating centers but continue advocating for center based development in other ways. The SPC will also revise State Planning Rules (Chapters 2-5) to modernize and streamline future State Plan re-examination and the re-adoption process, advocating statutory changes that lead to revisions to the reexamination cycle as opposed to the current three-year cycle.

4.4 Reposition the Office for Planning Advocacy

OPA will prepare mapping resources that include industry cluster zones, key infrastructure, State assets and other areas identified within the goals of this Plan. The use of "planning areas" and the designations of centers will be discontinued. Mapping resources will be available through a web-enabled platform. OPA will research and provide growth projections for population, households, and housing units, keyed to the release of census data in a format that is respected and trusted by all levels of government. OPA will provide technical assistance and tools for decision making such

as model ordinances, FAQs, Transit Score mapping, build out analysis, and economic modeling. Based on the Garden State Values, OPA will track progress through indicators and establish targets to test if progress is meeting expectations. To accomplish this, OPA will set up and facilitate needed working groups and pursue grant funding.

VI. Implementation & Monitoring

This Plan sets forth the bold actions that are needed to ensure effective implementation. Minor disruptions are unavoidable. Major disruptions can be managed. In order to move the State smoothly through the action steps, implementation must proceed carefully yet swiftly to minimize minor and major disruptions.

Not only does this Plan meet a statutory requirement, it has existing connections to important governmental actions as demonstrated in Supporting Documents F and G. The SPC and OPA will exercise liberal, yet responsible, judgment to provide needed flexibility to the extent that the State Planning rules allow for during the time when these connections are being reconsidered within the process of developing "Department Strategic Plans."

The 2001 State Plan Policy Map (and subsequent revisions approved by the SPC) will be used for the purpose of evaluating qualification for State aid and incentives consistent with statutorily mandated use of planning areas and/or "smart growth areas" as an interim measure until the criteria discussed in this Plan to identify "Priority Growth Investment Areas" is in place and "Department Strategic Plans" identify and implement actions to take to reconnect to that new criteria. The 2001 State Plan Policy Map will also be used for the purpose of making mapping amendments and designating centers (through Plan Endorsement) consistent with existing State Planning Rules as an interim measure until the criteria discussed in this Plan to identify "Priority Growth Investment Areas" is in place. It is anticipated that the use of the 2001 State Plan Policy Map will be fully phased out by the sunset of the Permit Extension Acts of 2008 and 2010 (up to June 20, 2013).

During the development of "Department Strategic Plans," indicators related to the goals of this Plan will be established and the data to track them will be collected and reported to OPA by each Department and/or Agency. OPA will then use this data to report within the framework of the annual report required by the Act at N.J.S.A. 52:18A-201.b(1).

Supporting Documents

(available online at http://www.state.nj.us/state/planning/df.html)

A. Impact Assessment (IA)
B. Infrastructure Needs Assessment (INA)
C. Statement of Agreements & Disagreements (SAD)
D. Statewide Issues Response Team (SWIRT) Reports
E. Recommendations – Governor's Institute for Community Design
F. Statutory Linkage Document (OPA Publication #191)
G. Current Economic Development & Investment Program Table
H. Current Plan Endorsement - Requirements Tables
I. Current Plan Endorsement – Municipal Petitioner Survey
J. Industry Sector Descriptions / Statewide Firm Location Maps