

September 15, 2022

ASSEMBLY BILL NO. 2676

To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Assembly Bill No. 2676 without my approval.

This bill amends permitting thresholds under the Coastal Area Facility Review Act ("CAFRA"), P.L.1973, c.185, to exempt more developments in certain municipalities from environmental review. CAFRA was enacted to protect the "exceptional, unique, irreplaceable and delicately balanced" natural resource of New Jersey coastal areas and "encourage the development of compatible land uses . . . within the framework of a comprehensive environmental design strategy which preserves the most ecologically sensitive and fragile area from inappropriate development and provides adequate environmental safeguards for the construction of any developments."

To effectuate its purpose, CAFRA places restrictions on the types of development that may occur in the immediate coastal area and requires such developments to receive a permit from the Department of Environmental Protection ("DEP"). The permit requirements are designed to ensure protection of sensitive coastal resources and impose requirements pertaining to storm surge resilience, stormwater management, traffic, endangered species habitat, public access support, and protection of historic resources. CAFRA sets specific thresholds for the type developments that require a permit, which include the number of dwelling units in a residential development and the number of parking spaces in a commercial development.

Under CAFRA, the coastal area is divided into zones based on proximity to the water, and there are specific permit thresholds in each zone for residential, commercial, industrial, and public developments. Amendments enacted in 1993 created separate, less stringent thresholds applicable in cities of the fourth class with a population of over 30,000 and municipalities that are eligible for

State aid as "qualifying municipality" pursuant to section 1 of P.L.1978, c.14 (N.J.S.A. 52:27D-178). For these municipalities, in areas more than 500 feet above the mean high-water line or the landward limit of a beach or dune, a CAFRA permit is required for development that would result, either solely or in conjunction with a previous development, in a residential development with 75 or more units or a commercial development with 150 or more parking spaces. In all other municipalities, a CAFRA permit is required in this zone for a residential development with more than 25 dwelling units or a commercial development with 50 or more parking spaces. In both categories, all industrial and public developments require permits. Only Atlantic City currently meets the existing statutory criteria for the less stringent permitting thresholds.

This bill amends the eligibility criteria for the less stringent permitting threshold to also include cities of the fourth class that are ranked in the top two percent of the Department of Community Affairs's 2020 Municipal Revitalization Index. Based on analysis by the Department of Community Affairs and DEP, only a very small number of the 126 municipalities in the CAFRA zone would fall into this category.

I commend the sponsors of this bill for their interest in supporting economic development in New Jersey's coastal municipalities. A vibrant, thriving Jersey shore is a vital part of our identity as a State. From investing in the development of the New Jersey Wind Port in Lower Alloways Creek, which will support offshore wind development and bring vital clean energy jobs to the southern region of the State, to working with my partners in the Legislature to more than double the State's funding for shore protection projects in Fiscal Year 2022 and increase State funding for flood control projects from \$8.5 million in State Fiscal Year 2022 to \$16.5 million in Fiscal Year 2023, my Administration has shown that we can support

economic development and promote resilience and proactive responses to the threats posed by climate change at the same time.

I am concerned, however, that this bill will undermine efforts on both fronts. By effectively exempting most development in certain municipalities from CAFRA permitting requirements, the bill would have significant negative impacts on stormwater management, resilience, and historic preservation in those communities. I also would be at odds with my Administration's efforts to enhance the State's resilience to climate change - especially in our most vulnerable coastal communities. I am also concerned that the bill fails to recognize the interconnected nature of the coastal ecosystem, as it would apply different environmental permitting requirements in different municipalities without reference to the municipalities' susceptibility to flooding or the presence of any of the sensitive environmental resources that the CAFRA program is designed to protect. Because the bill fails to equitably and effectively promote economic development throughout the shore and compromises our efforts to combat the effects of climate change, I cannot support it.

Accordingly, I herewith return Assembly Bill No. 2676 without my approval.

[seal]

Respectfully,

/s/ Philip D. Murphy

Governor

Attest:

/s/ Parimal Garg

Chief Counsel to the Governor