Report of the Urban and Regional Growth Transition Advisory Committee

Submitted to Governor-elect Phil Murphy and Lieutenant Governor-elect Sheila Oliver

January 1, 2018

EXECUTIVE SUMMARY

The Urban and Regional Growth Transition Advisory Committee proposes that the Governor-elect consider the following recommendations to accomplish these priorities:

I. **Priority: Strengthen the state's commitment to strategic and equitable growth by leveraging our assets and providing technical and financial resources for municipalities across the state**
   i. Direct the Department of Community Affairs to conduct a best practices study in order to modernize downtown redevelopment and support services and provide guidance on shared services, regionalization, and other efficiencies to assist municipalities in reducing spending and stabilizing property taxes
   ii. Restore an emphasis on community-oriented work and land use planning and development at both New Jersey Transit and NJ DOT to assure that transportation investments are multi-modal and will result in environmentally sustainable, equitable, healthy communities
   iii. Begin a thorough, data-intensive study of the state's bus transit system to identify potential bus rapid transit improvements to ensure accessible and affordable transportation is connected to jobs, health services, retail, and other amenities
   iv. Support historic tax credit legislation as a means to encourage redevelopment
   v. Establish a transit-oriented development specialty area within NJ Transit that will pro-actively work with developers and municipalities to redevelop areas around train stations.
   vi. Create an inventory of the state's most important infrastructure needs and prioritize investments and financing strategies, including public-private partnerships

II. Priority: Develop dynamic state planning strategies and strengthen data collection efforts to ensure sustainable economic growth for all populations across the state
   i. Issue an executive order to develop a state strategic growth plan that will coordinate state investments, incentives and policies and will provide direction and assistance for municipal leaders
   ii. Direct NJ EDA to carefully track the progress of awarded subsidies
   iii. Issue an executive order to enact a Census Complete Count initiative to benefit 2020 Census
   iv. Recognize and support the state's arts, culture, and heritage to promote economic development, job opportunities, and increased quality of life for our residents

III. Priority: Grow the economy and create local job opportunities by leveraging anchor institutions and strengthening small businesses, particularly small, minority, and women-owned business enterprises (SMWBEs)
   i. Direct NJ EDA to explore partnership with CDFIs in order to address scale urban development issues and extend opportunity to S/MWBEs
   ii. Develop a local hiring and procurement plan for anchor institutions and corporate partners
   iii. Identify and take steps to remedy disparities in the contracting and hiring of MWBEs
   iv. Expand the Small Business Set-Aside program to better include SMWBEs

IV. Priority: Bolster the resiliency of communities throughout the state by implementing science-based climate risk analysis into decision-making at all levels of government
   i. Integrate sea-level rise projections into all land use and transportation planning and economic development decision making
   ii. Align state programs and incentives to discourage development in high-risk flood zones and create an Office of Resiliency
   iii. Prepare for the next big storm through a "table-top" disaster preparedness exercise and consideration of financial risk instruments for coastal areas

REPORT

New Jersey has experienced uneven and inconsistent growth in its urban and regional centers over the past decade. The Great Recession muted the potential for economic and commercial development in many cities and communities, but having a clear, coordinated, and consistent response at the state level could have made growth and prosperity more widespread and equitable. The next administration has the opportunity to maximize the potential of our cities and regional centers by making smart, coordinated investments in infrastructure and expanding access to capital for small businesses.

Successful urban and regional growth requires that the State return to adequate planning practices that will put New Jersey in the best position to be the economy of the future. The importance of developing our transportation infrastructure – rail, highway, bike and pedestrian – can't be underestimated, and directing redevelopment to meet the needs of New Jerseyans is central to meeting Governor-elect Murphy's goal of creating a stronger economy that works for all. While economic growth and development necessitates the investment of capital and resources, there are many significant improvements to be made throughout state government that can be achieved through programmatic, administrative, and legislative changes. The Governor-elect has expressed a commitment to ensuring that economic growth reaches every corner and constituency of the state. The following recommendations are presented to achieve that commitment in a manner that is both sustainable and equitable.

I. PRIORITY: STRENGTHEN THE STATE'S COMMITMENT TO STRATEGIC AND EQUITABLE GROWTH, LEVERAGE OUR ASSETS, AND PROVIDE TECHNICAL AND FINANCIAL RESOURCES FOR MUNICIPALITIES ACROSS THE STATE

i. Recommendation: Direct the Department of Community Affairs to conduct a best practices study to modernize downtown redevelopment and support services and provide guidance on shared services, regionalization, and other efficiencies to assist municipalities in reducing spending and stabilizing property taxes

With 565 municipalities, 21 counties, and 731 fire districts, it is prudent for communities to pursue shared services and regionalization to increase effectiveness and efficiency in procurement and purchasing, service delivery, infrastructure maintenance, implementation of new technologies, and other operations. In the first six months of the new administration, the Department of Community Affairs Clear should study and then provide guidance and technical assistance to municipalities on how to better serve their constituents, reduce operational costs, and ultimately stabilize local property taxes.

As part of their review, DCA should also examine best practices in delivering targeted downtown redevelopment and growth to support municipalities. Programs such as Main Street New Jersey and the Urban Enterprise Zone were originally created to revitalize our communities and stimulate job growth. Elected officials in the areas that have previously employed the Main Street New Jersey and UEZ programs, state that they were tools for maintaining and improving economic activity in their communities. With new interest and growth potential in our cities and downtowns, DCA must study other states and metropolitan areas for the most effective and innovative policies and programs that can grow our communities.

Costs: Minimal to negligible. Can be achieved with current departmental resources.

ii. Recommendation: Restore an emphasis on community-oriented work and land use planning in both New Jersey Transit and NJ DOT to assure that transportation investments are multi-modal and will result in environmentally sustainable, equitable, healthy communities

For many years, the NJ Department of Transportation was the largest source of integrated land use planning in the state. The level of planning expertise and capacity positioned DOT to help governments at all levels solve a wide spectrum of problems. In recent years, the agencies have faced budget constraints at the same time that there have been increasing demands on our transportation system. The emphasis on vehicle mobility – getting people and goods by cars and trucks from Point A to Point B – has overshadowed efforts to ensure more people have access to job opportunities through public transportation, walking or biking, or promoting non-highway modes of transportation, in order to relieve congestion and reduce greenhouse gas emissions. For example, NJDOT's bike and pedestrian program coordinator's office and the Complete Streets program should have equal influence as other departments and programs.

By prioritizing staff development in these areas of expertise and collaborating with other agencies, including NJ Transit, DEP, EDA and DCA, DOT can become: (1) a source of expert knowledge for mayors, towns, stakeholders, and others; (2) a center for research and innovation in technology and planning methods; and (3) a model of a continuously improving, performance management oriented organization.

The next administration can begin by working to professionalize the workforce at NJ DOT and NJ Transit and depoliticize both hiring and project spending. Other states have initiated agency reform by setting a series of guiding principles and policies for all transportation spending that seek to reduce costs through selecting projects that support communities' land use needs and the state's overall land use and transportation goals. Establishing a competitive scoring system allows projects to get started more quickly due to local and state level buy-in, and therefore saves taxpayer dollars. For example, Virginia now scores proposals on a combination of the following objectives: safety, congestion mitigation, accessibility, land use, environmental, and economic development.

New Jersey Transit and NJ DOT should work with the states' other agencies, including DCA, DOH, DHS, and the EDA to create a funding process that incorporates local and state goals and objectives, in order to get the most effect from limited dollars. This can be accomplished through administrative action with limited budget impact.

iii. Recommendation: Begin a thorough, data-intensive study of the state's bus transit system to identify potential bus rapid transit improvements to ensure accessible and affordable transportation connects people to jobs, health services, retail, and other amenities

More than 250 million trips are taken aboard New Jersey's buses annually, although ridership in the state and nationally has been in decline in recent years. The state's transportation system is a key asset to boosting economic growth, and developing and maintaining an efficient and modern transit system must include a strategy to stabilize bus ridership and make it a more sustainable connector to economic opportunity for more New Jerseyans.

As urban areas have begun to see redevelopment and reinvestment, local transportation systems have not kept pace. Our state's street planning is car-oriented, which has often meant walking and biking can be difficult or unsafe, and limited or inferior bus service. To support the viability of our walkable downtowns and urban areas, NJ Transit and NJ DOT should immediately initiate a study into our current bus system and look for ways to improve access, including opportunities for bus rapid transit (BRT).

Recently, cities such as Houston and Columbus, OH, have made strides in revamping their bus strategies through BRT, which attempts to mimic the benefits of rail service at a much lower cost. The most effective BRT systems often necessitate the taking away of car lanes and giving buses exclusive lanes, which is not without controversy, but results in faster and more efficient bus service and increased bus ridership, as well as fewer cars on the road and less congestion. The NJ DOT and NJ Transit should partner with the state's academic institutions and other national and state non-profits who can help to jumpstart the study.

Costs: A study and planning effort will likely cost several million dollars. Upgrading our bus transit will take significant political and capital investment, likely in the hundreds of millions. Other states and large metropolitan areas have leveraged federal grants to fund transit studies and subsequent infrastructure improvements, and also used public-private partnerships and tax increment financing to help spur their BRT system transformations.

iv. Recommendation: Support legislation allowing historic tax credit incentives

Thirty-four states have a historic preservation tax credit. New Jersey is missing out on a proven tool for economic growth and revitalization. Between 1978 and 2015, the National Park Service's federal Historic Tax Credit for income-producing buildings led to $28.1 billion in federal tax receipts, a significant net gain over the $23.1 billion in allocated credits. States that have their own historic preservation tax credits see similarly strong returns on investment at the local level. The next administration should consider supporting historic tax credit legislation to spur redevelopment, particularly in the state's distressed communities.

Costs: National research and studies in other states have shown that the loss of immediate tax revenue from the tax credit is generally made up through revenues from increased property values and income taxes from job growth due to revitalization. Further, loss of tax revenue can be limited in a number of ways, including setting an annual cap on credits distributed; limiting the tax credit to types of buildings, such as commercial and income-producing residential structures; or to targeting the tax credit to economically distressed areas or downtown areas designated for redevelopment.

v. Recommendation: Establish a transit-oriented development specialty area within NJ Transit that will pro-actively work with developers and municipalities to redevelop areas around train stations

One of New Jersey's most valuable assets is its public transportation system, one of the most extensive transit systems in the nation. The rate of transit commuting in New Jersey is 11%, the third highest in the country, behind New York and Washington, DC. National studies have shown that about one-fourth of all housing demand over the next several decades will be for homes and apartments within a half mile of rail transit stations. The increased market demand for transit-oriented development, or the development of retail, office space, and housing within walking or biking distance to a transit hub, is largely in response to a number of conditions, including climate change, road congestion, shrinking household sizes, proclivity for urban living, and a desire to live in walkable neighborhoods. Demand is further reflected by the prevalence of higher rents and land values close to transit across the country.

By working to expand transit-oriented development (TOD) around New Jersey's train stations, the state could potentially recognize revenue streams to support transit operations, while increasing access to public transportation and economic opportunities for more New Jerseyans. NJ Transit owns a significant amount of real estate around existing transit stations, including surface parking lots. The State can work with host municipalities for redevelopment and has the power to enter public-private partnerships to develop these sites. Further, the State can initiate local value-capture mechanisms, such as special improvement districts and tax increment financing, to help bring in revenues to fund NJ Transit operations and investments in local infrastructure.

Costs: Initial costs to hire professionals to staff a robust department could be offset by removing political appointees. Over the long-term, transit-oriented development could bring in revenues to fund transit operations.

vi. Recommendation: Create an inventory of the State's most important infrastructure needs and prioritize investments and financing strategies, including public-private partnerships

In the first 100 days, Governor Murphy should direct a review and inventory of the state's paramount infrastructure needs in order to protect public health, increase our communities' resiliency, support and ensure our ability to grow the state's economy. The review could be led by DCA, in coordination with other state agencies, including the DEP, DOT, BPU, NJ Transit, the Turnpike Authority, Treasury, and the New Jersey Environmental Infrastructure Trust. In addition, the agencies should report out the current tools that the state has to finance these needs, and to identify other potential investment resources.

New Jersey has a number of significant infrastructure needs, including deteriorating drinking water and sewer systems, failing dams, crumbling roads and bridges, and a rail transit system desperately in need of upgrades. Besides high profile projects like the Gateway Tunnel and the Port Authority Bus Terminal, many towns and cities are struggling to deal with local water main breaks, combined-sewer overflow systems that allow wastewater to pollute our waterways, old lead pipes that contaminate our drinking water, and roads and bridges that could become unsafe. Additionally, a number of cities around the country are partnering with the private sector to introduce high-speed internet to support technology businesses.

It is essential that the state understand its infrastructure needs in a more holistic way. Improvement projects can incorporate several infrastructure issues at once. For example, when a road needs to be improved, other infrastructure needs, such as drinking or wastewater systems, could be upgraded at the same time. Also, innovative tools and policies such as "Green Streets" can address flooding and stormwater runoff and make streets safer for pedestrians and increase local property values.

Besides identifying current state resources that municipalities can utilize to pay for necessary infrastructure projects, the review should look at innovative ways other states and cities are paying for fundamental infrastructure needs, including stormwater utilities, local infrastructure trust funds, public-private partnerships, resiliency and environmental impact bonds, and more flexible ways to procure services.

Costs: The review and inventory could be performed by current staff.

II. PRIORITY: DEVELOP DYNAMIC PLANNING STRATEGIES AND DATA COLLECTION TO ENSURE SUSTAINABLE ECONOMIC GROWTH FOR ALL POPULATIONS ACROSS THE STATE

i. Recommendation: Issue an executive order to develop a state strategic growth plan that will coordinate state investments, incentives, and policies and will provide direction and assistance for municipal leaders

The state is currently not using, or internally enforcing, a regional growth strategy and has not supported municipalities to collaborate in pursuit of more coordinated and effective development. There needs to be a statewide vision on how development should occur at the regional level so that state departments can align policies, investments, and incentives to achieve efficiencies and produce better outcomes and localities have direction to operate in a way that contributes to larger priorities while addressing their own needs.

The Governor can issue an executive order to create a state strategic growth plan that could be completed in the first 6 months, tasked with coordinating initiatives, including—but not limited to—investments and policies related to economic development, infrastructure, redevelopment, and adaptation to climate change. This effort should avoid the approach taken in 2001 that attempted to achieve cross-acceptance, a goal that proved time-consuming, complicated, and expensive. It should aim to be an evolving set of guiding principles for equitable growth.

The approach taken for the latest State Strategic Plan was a more successful and streamlined process that outlined goals, identified areas for growth, and how to achieve that growth. The latest plan, which was never officially adopted, could be used as a starting point. The next planning process should be both more ambitious and less specific than the land-use plans of the past and should be an evolving process. The process should measure and communicate successes, as well as acknowledge where there is room for improvement and where adjustments need to be made.

Preliminary steps could include filling the open seats on the State Planning Commission with committed, proficient, and diverse members and convening regular, transparent meetings. Then, assembling a team to complete the state strategic growth plan.

To complement this strategic approach, the governor should announce the creation of a StateStat type of initiative to set cross-cutting success measures for departments, track progress, and add accountability and transparency to growth initiatives. Similar programs have been successful in Maryland and Iowa.

Costs: Minimal cost to create a state strategic plan. Could be accomplished through currently available resources. A StateStat program would require additional and re-assigned staff and could cost approximately $500,000 annually.

ii. Recommendation: Direct NJ EDA to carefully track the progress of awarded subsidies

Current incentive programs at the NJ EDA provide very large incentives without sufficient review of whether the scale of incentives is necessary to achieve the desired outcomes and whether adequate controls are in place to hold recipients accountable.

In January 2017, the Office of the State Auditor within the Office of Legislative Services released a five-plus year audit of selected incentive programs at the New Jersey Economic Development Authority. The audit found that while “adequate controls” were in place, it discovered too many instances where the authority did not properly evaluate or execute its incentive programs or hold award recipients accountable for failing to meet contractually agreed upon metrics.

By law, New Jersey is to complete a “comprehensive review and analysis” of EDA incentives by July 2018; however, this is a required one-time analysis and not a regular evaluation. The State should direct the authority to undergo such analysis with regularity. Legislation passed in 2007 required the state Treasury Department to produce an annual report on tax breaks and expenditures designed to provide detailed information from all corporations that receive at least $100,000 in state subsidies (i.e. jobs created, how much they pay, whether they are fullor part-time, and whether they include health insurance coverage); despite being mandated by law to provide this report, the Treasury Department has yet to do so. After years of claiming that the report would eventually be produced, in 2014 the Treasury Department stated that doing so would require sharing information that the state can't due to "agreements with the Internal Revenue Service respecting the safeguarding and sharing of confidential taxpayer information."

Residents deserve increased accountability to ensure that subsidy recipients deliver on their promises. Tracking the performance of subsidies and award recipients will enable the authority to establish effective claw-back policies to recapture funds when a recipient fails to meet agreed upon performance metrics.

Tax incentives are valuable commodities, but frequently represent a small fraction of the reason that companies choose to stay or locate in New Jersey. The Governor should direct the EDA to revisit the current tax incentive programs so they can be re-calibrated and re-aligned to support urban and regional growth priorities that focus on key locations and sectors that will support sustainable growth and build vibrant communities. The reach of these programs should be extended to foster smaller employer location decisions and job creation, and a small business representative should be placed on the NJ EDA board to ensure these views are heard.

Costs: Negligible cost, achievable with current staff and resources.

iii. Recommendation: Issue an executive order to enact a Census Complete Count initiative to benefit 2020 Census

As the country approaches the 2020 census, New Jersey is in danger of being undercounted and therefore misrepresented, especially in its largest cities and urban areas. In the 2010 census, New Jersey was undercounted by 31,000 people, costing the state important federal and political resources. New challenges in the political climate and changes to the administration of the 2020 census threaten New Jersey by making an accurate count more difficult to achieve. The result of which, would be a negative impact on resources available to communities around the state. Six NJ counties have signed up for the Census Bureau's Local Update of Census Addresses program (LUCA), which will help ensure the Bureau has the most complete address list. The four biggest counties – Bergen, Essex, Hudson, Middlesex – did not register, and Monmouth has declined to participate (though several municipalities within these counties have individually registered to participate). The deadline to register for participation was December 15, 2017. New Jersey receives approximately $17.56 billion in support from federal grants, which is about half the size of the state's budget.

In the first 100 days, the governor should direct DCA to form a Complete Count Committee that would include stakeholders from government, business, education, non-profits, and philanthropy. Necessary action would also include incentivizing local and county governments to ensure the Census Bureau has the most complete listing of addresses and providing them with technical support to be successful. Particular attention must be paid to urban communities, which are often misrepresented in the census and can be hard to count accurately.

Costs: A minimal amount of expenditure will be in the low single-millions, but the total cost will depend on how aggressive the state's response is. Return on investment is likely to be high; California has invested $2 million in its effort to ensure the Bureau has the most complete listing of addresses for its counties and believes that action alone will yield $100 million in additional annual federal contributions.

iv. Recommendation: Recognize and support the state's arts, culture, and heritage to promote economic development, job opportunities, and increased quality of life for our residents

Recently, terms such as "creative economy," "creative class," and "cultural economy" have captured the attention of municipal and state leaders across the country as ways to describe an essential component of economic development and a means of attracting employers and workers.

The state is facing increasing competition from our neighbors in New York, Pennsylvania, Connecticut, Delaware and others, who actively advertise and promote the destinations and cultural events within their states. While the state's beaches are well-known by the rest of the nation, other regions offer a variety of attractions for tourists to enjoy, including vibrant arts and entertainment, important connections to American history, sporting and athletic attractions, and more. This will be especially important as the country approaches its 250th birthday celebration in 2026. As one of the thirteen original states, New Jersey is home to a high number of sites that are central to American history, particularly events connected to the Revolutionary War.

The Governor should bring together a wide array of artists, educators, urban planners, historians and preservationists, philanthropic organizations, and economic development professionals with leadership from relevant state agencies. The aim of such a summit, will be to identify and elevate the state's arts, culture, and historical assets and discuss opportunities to best support and grow them. This meeting should be organized by the Secretary of State, and include support from other agencies, including EDA, DEP, DCA, DOE, Higher Education, LWD, and others.

Costs: Minimal costs to organize summit and produce a subsequent report for the Governor.

III. PRIORITY: GROW THE ECONOMY AND CREATE LOCAL JOB OPPORTUNITIES BY LEVERAGING ANCHOR INSTITUTIONS AND STRENGTHENING BUSINESSES, PARTICULARLY SMALL, MINORITY, AND WOMEN-OWNED BUSINESS ENTERPRISES (SMWBES)

i. Recommendation: Direct NJ EDA to explore partnership with Community Development Financial Institutions (CDFIs) in order to address urban development issues and extend opportunity to small/MWBEs

Minority and women-owned business enterprises (including businesses owned by veterans and disabled-individuals) in New Jersey, disproportionately suffer from low credit ratings and limited chances of loan approval. CDFIs can act as secure sources of capital for small MWBEs and provide them with affordable rates. Yet, all five CDFIs across the state combined serve less than 300 MWBEs, far below statewide demand. The lack of opportunity for MWBEs to secure capital is especially harmful for communities with high minority populations. Increasing the capital that CDFIs can lend to MWBEs and CDCs operating in communities with high minority populations will increase economic activity in those communities, address local needs including development of housing (affordable and market) and commercial retail, and improve employment. NJ EDA currently provides capital to CDFIs through its “Loans to Lenders” program, but the maximum dollar amount made available is $500,000 for new borrowers and $750,000 for existing borrowers. These caps may be too low for a large array of projects that CDFIs pursue in urban areas.

The Governor should direct leadership at NJ EDA to research the best options and innovative financing techniques to better serve the state’s local businesses in the downtowns and cities, as redevelopment in these areas continues to grow.

Costs: No cost, can be achieved without restructuring EDA, simply increasing the authority’s focus on partnership with CDFIs.

ii. Recommendation: Create an inter-departmental working group to develop a local hiring and procurement plan for anchor institutions and corporate partners, based on the model being used by Newark 2020

In recent years, many of New Jersey’s cities have experienced economic expansion, with companies, hospitals and universities locating in downtowns to be close to public transportation and other important resources. Unfortunately, in many of these areas, there are large disparities in employment with many local residents not receiving opportunities for employment by local anchor institutions and corporate entities.

In the first 100 days, the Governor can issue an executive order to create an inter-agency working group and direct them to initiate a plan that would encourage the state’s anchor institutions to create hiring and procurement strategies for local businesses and residents. Related agencies should include the NJ Economic Development Authority, Labor and Workforce Development, Treasury, Department of Community Affairs, and the State’s universities.

Costs: Minimal cost.

iii. Recommendation: Conduct a study that will identify disparities in the contracting and hiring of MWBEs

When looking at the state’s contracting landscape, there is a clear lack of adequate representation of minority-owned, women-owned, and veteran-owned small businesses. The state needs to determine why those disparities exist and whether they are the result of active or passive discrimination on its part. The Governor should direct the DCA to create a task force that will conduct a study and report back to the governor within three to six months (also see the Stronger, Fairer Economy report).

Costs: Minimal cost – about $500,000 – that could be possibly be underwritten by a separate organization.

iv. Recommendation: Expand the state’s Small Business Set-Aside program to better include MWBEs

Currently, the eligibility standards for the state’s Small Business Set-Aside program prevent minority-owned, women-owned, and veteran-owned small businesses from being able to fully participate. Hudson and Essex counties have implemented reforms to improve these programs in their counties.

In the first 100 days, the Governor can direct the Division of Revenue & Enterprise Services to review the rules for eligibility so that MWBEs have a better chance to participate in the program and to set-aside dollars for these entities.

Costs: Minimal cost, can be achieved with existing resources.

IV. PRIORITY: BOLSTER THE RESILIENCY OF COMMUNITIES THROUGHOUT THE STATE BY IMPLEMENTING SCIENCE-BASED CLIMATE RISK ANALYSIS INTO DECISION-MAKING AT ALL LEVELS OF GOVERNMENT

i. Recommendation: Integrate sea-level rise projections into all land use and transportation planning and economic development decision making and create an Office of Resiliency

Regardless of its best efforts to reduce greenhouse gas emissions and mitigate the effects of climate change, the state will need to adapt to related threats that could devastate many communities, most notably to sea level rise (SLR). The State should establish science-based, public SLR standards that set the guidelines for private and public investment in risky areas. Much of the research work has already been done by Rutgers' Climate Adaptation Alliance. Establishing an Office of Resiliency that could facilitate collaboration among state agencies and municipalities, as well as federal agencies like FEMA, to ensure that all state projects and funding to municipalities incorporate climate science and resiliency planning. Many cities and a growing number of counties, universities, businesses, and states, including Colorado, Oregon, West Virginia, and Rhode Island, now have "Chief Resiliency Officers" whose mission is to develop comprehensive climate adaptation strategies and resiliency implementation plans that respond to their unique set of risks and long-term goals.

In the first 100 days, the Governor should direct the Department of Environmental Protection to lead these changes and work with other agencies, including DCA and EDA to adjust their development-related operations and analyses. An Executive Order can establish the Office of Resiliency where the Governor decides can be most effective at coordinating interagency efforts, such as in the Department of Homeland Security or in Treasury.

Costs: Minimal budget impact, can be accomplished with existing staff and resources. The Office of Resiliency would need a small staff, but could also be created and supported by redistributing current funding streams.

ii. Recommendation: Align state programs and incentives to discourage development in high-risk flood zones

Most of New Jersey's incentive programs for affordable housing, economic development, and other policy areas do not sufficiently take into account the risks of climate change and sea level rise. The state needs to ensure that when it builds housing or roads or bridges, it is not putting people into harm's way or exposing taxpayer dollars to climate risk. Sea level rise, storm surge, and flooding should be factored into facility siting, permits, and any state infrastructure assistance programs. Any state programs that encourage (or discourage) development should account for flood and inundation risk factors. This could be accomplished through a rekindled state development planning process.

In the first 100 days, the Governor should direct interagency coordination to ensure development in high-risk flood zones accounts for climate change risk factors. These efforts could be led by the newly formed Office of Resiliency and Sustainability, and would be supported by inclusion in the state strategic growth plan.

Costs: Minimal budget impact, can be accomplished with staff and resources.

iii. Recommendation: Prepare for the next big storm through a "table-top" disaster preparedness exercise and consideration of financial risk instruments for coastal areas

On average, almost every year over the past 20 years, New Jersey experienced a presidential declared flood-related disaster. A number of coastal municipalities now experience chronic flooding during regular high tides, and tidal flooding is projected to grow more severe. Severe storms like Sandy, Harvey, and Irma, are increasingly likely to occur, as the warming atmosphere retains more moisture. Storm surges are projected to become more devastating and the economic impact of each storm increases exponentially as the sea level rises.

Recovery agencies working with municipalities affected by Hurricane Sandy found that no municipality or local official was equipped to respond to the damage it experienced. Local officials were unable to contact many of the displaced families for months, and many residents are still not back on their feet five years after Sandy.

Future severe weather events will be economically devastating for the entire state as well. More than $22 billion in total tourism direct sales, more than half of New Jersey's total, came from five coastal counties: Atlantic, Cape May, Middlesex, Monmouth, and Ocean. In 2016, these counties accounted for more than 300,000 tourism jobs, and tourism impacts a significant share of total employment in these counties.

Steps to increase the resiliency of our local towns and regions should be taken now, while we still have time to plan, instead of waiting for the next storm that could destroy our coast. In the first 100 days, the Governor should call for a tabletop simulated disaster session in which all cabinet members and other designated members of the administration meet to discuss their roles during an emergency and their responses, policies, and procedures. Three major phases to the exercise should focus on Phase 1) Preparedness/Mitigation; Phase 2) Response, and Phase 3) Recovery. By meeting in an informal, low-stress environment, the exercise will clarify roles and responsibilities identify additional needs, and result in updated action plans for continued improvement of state emergency planning. The Office of Homeland Security and the Office of Emergency Management should partner to convene the tabletop exercise.

In addition, the Governor should direct Treasury to immediately study innovative financial tools, such as resilience bonds, green bonds, or catastrophe bonds, in order to link insurance coverage with capital investments in resilient infrastructure (such as green infrastructure and wetland mitigation) to reduce expected losses from future disasters and provide funding for immediate clean up in the aftermath of the next major storm.

Costs: A tabletop disaster planning exercise and study of risk management financial tools could be funded through current operations.

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The Governor, Lieutenant Governor, and the entire senior transition team staff greatly appreciate the immense amount of work, participation and expertise that all our co-chairs, committee members and deputy directors who staffed each committee provided since the transition began in November. This hard work and positive energy about how New Jersey can once again become a national leader has resulted in a robust set of recommended priorities and actions for the incoming administration to consider. As with any collaborative endeavor, many recommendations and opinions were expressed and debated during the committee meetings and the drafting of the reports by co-chairs, committee members, and Deputy Directors. The final reports may contain recommendations that do not reflect the concurrence of all co-chairs or committee members, nor of the organizations they represent. These reports are purely advisory and do not reflect the positions of the Governor-elect or any other elected official.