

Plan Development Committee Meeting
Minutes of the Meeting Held December 28, 2009
Department of Community Affairs
Conference Room 129
Trenton, New Jersey

CALL TO ORDER

In the absence of Chairman McKenna, the meeting was called to order by Commissioner Eskilson.

OPEN PUBLIC MEETINGS ACT

Secretary Rendeiro noted that the meeting was noticed in accordance to the Open Public Meetings Act.

ROLL CALL

Members Present:

John Eskilson, Public Member
Brent Barnes, Designee for Commissioner Stephen Dilts, Department of Transportation
Roberta Lang, Designee for Secretary Douglas Fisher, Department of Agriculture
Charles Richman, Acting Commissioner, Department of Community Affairs
Louise Wilson, Public Member

Others Present: See Attachment A

EXECUTIVE DIRECTOR'S REPORT

Secretary Rendeiro noted that the draft final State Plan, as well as the supporting documents had been posted on the OSG website. She explained that the Plan was made up of four volumes. Volume I, the Executive Summary, identifies the twenty goals of the State Plan; Volumes II-IV are separate documents. Volume II – talks about the twenty goals as well as the policies that support those goals, Volume III – identifies the State Plan Map as well as the management structure and includes definitions and criteria for the different planning areas, special use designations, etc., Volume IV talks about implementation. The posted supporting documents include the Impact Assessment and Infrastructure Needs Assessment, the population, employment and household projections completed by Dr. Burchell, the Statement of Agreements and Disagreements and the Statewide Issues as a result of Cross-Acceptance. She noted that of the approximately 1,614 issues identified, the Office agreed with or agreed with conditionally close to 60%, there about 10% that have been deferred to plan endorsement, and 27% percent

were disagreements. In addition, the Municipal Revitalization Index was also posted which identifies all 566 municipalities and how they rank. Lastly, the most updated map was posted as a result of the SPC actions at their November 24 meeting.

Secretary Rendeiro explained that the Office is attempting to set up a specific email address for comments on the Plan so that once the SPC adopts the draft, she will be asking that all the comments regarding the draft final State Plan be sent directly to the identified email address.

Commissioner Eskilson asked for the process to be laid out starting from the today's PDC meeting. Secretary Rendeiro noted that Impact Assessment and Infrastructure Needs Assessment were received on December 11, 2009. Today's meeting is the first step in the process to adopt the draft. She explained that the PDC is the negotiation committee based on rules. Therefore, if the committee votes today to move the draft final, Impact Assessment and Infrastructure Needs Assessment to the full SPC a two week notice date is required to post for general publication all of the documents that have been produced. At this point the State Planning Commission meeting is tentatively scheduled for January 13, 2010. There is a 45-day period where the public reviews the documents, following that review period the public hearings can be started. Six public hearings are required: two north, two central, two south. It is hoped that those hearings will be held within a three week time-frame. Locations for the public hearings need to be identified and OSG is planning on consulting with the county planning staff to seek their input for meeting locations. Upon completion of the public hearings, the State Planning Commission according to the rules would need to adopt the Plan at least 30 days after but no more than 60 days after the last public hearing, which would bring the timeline for adoption to the April SPC meeting. She noted that there is no requirement in the rule between when the PDC meets and when the SPC takes action, but once the SPC acts there are specific timelines outlined in the State Planning Act that certain actions must be taken.

Commissioner Eskilson questioned if the SPC action will be to approve the draft for the purpose of moving it out to the public hearing process. He noted that it would be before Governor-elect Christie took office and this action in no way is being considered out of disrespect for the Governor-elect, but simply recognizing a practical issue that nine votes are needed to get the draft on the table and out to the public. He explained that with the lag in appointments the Commission may not be fully seated for some time. He further noted that it has already been a long process that has taking well beyond the three year statutory timeline. He believes the new administration will have ample time during the public hearing period to weigh in with any concerns, comments, criticism they may have regarding the Plan.

Secretary Rendeiro noted that she did have a conversation with a transition team member from the Authorities Unit and expressed the concerns of the Commission not wanting it appear that they were slighting the incoming administration. She explained that the transition team member, not speaking on behalf of the Governor-elect, felt that because it was a draft and the incoming administration would have ample time to review the document, make their comments and determinations, she felt it was ok to go ahead with the process.

Commissioner Barnes asked for clarification with respect that if the PDC acted today it would be a recommendation to advance the draft Plan to the Commission for discussion, adoption as a

draft or actually an endorsement of the draft plan?” Commissioner Eskilson noted that he would read it as an endorsement of the draft Plan and moving it to the full Commission action with the Committee’s endorsement, if the PDC is so inclined. Commissioner Barnes then questioned on accepting the IA and INA as only meeting the statutory requirements. Commissioner Eskilson indicated correct.

Commissioner Eskilson asked for any questions from the committee members regarding the discussion thus far.

Commissioner Wilson indicated that she expected that during the comment period Commission members would also comment and may want to see additional changes. She understood the distinction that Commissioner Barnes made and wouldn’t necessarily want the impression to be left that the PDC is comfortable with every detail and endorsing it in all its detail. Commissioner Eskilson noted that information is in such a form that the PDC believes it appropriate to move it on to the full Commission for the purposes of advancing the public comment and public hearing process.

Secretary Rendeiro reviewed the section of the rules outlining when the PDC acts in terms of saying that the draft Plan and its supporting documentation are ready for consideration by the SPC.

Presentation

Dr. Robert Burchell gave a presentation on the Impact Assessment and its various components and discussed both the methodology and the findings as they relate the Impact Assessment. A copy of the presentation is attached. Following the presentation there was a question and answer period.

Commissioner Eskilson indicated that he would like to break the questions up into two components. First, the presentation on the Impact Assessment from the committee and then public, followed by questions or comments from the committee and then the public on the draft Plan itself.

Commissioner Richman questioned how the population forecast was done. Dr. Burchell responded that three principle components, population, households and housing units were used. He explained that population essentially took four variables—immigration, net out-migration, death rates and birth rates, regressed those into the future and provided controlled totals for the State and counties as it related to those areas. Essentially, they asked, “What is the likely trajectory into the future that they see going back into the 90’s?” and used those as control totals.

Commissioner Richman questioned that if a forecast was based in the 90’s forward, was the great recession picked up and how was that adjusted for? Dr. Burchell noted that they did account for the recession because they didn’t include the boom period. He explained that one of the comments has related to taking into account the recession and you having a situation where all hell is going to break loose as it relates to population households and housing units. He noted that, historically, in the worst situations there has been change in trajectory, but always positive.

Dr. Burchell noted that with regard to employment it is different. There are numbers that are out as it relates to how many jobs that we have lost over the period from the first quarter of 2008 to the current quarter and how many are likely to be lost as it relates to the rest of this year. They looked at those numbers and have numbers that look at, as they relate to coming back from the recession with regard to employment and put those in place in the recovering years. He explained that New Jersey grows by a reasonable number of jobs -- 262,000 jobs; if you take a look at making up for jobs lost in addition to that number, it may pick up another 190,000 jobs. There is reasonably significant job growth in the State, a lot of which has to make up for jobs lost; jobs are projected to gain at a slower increment into the future.

Commissioner Barnes questioned that he heard that controlled population growth at the State levels and the counties levels was used. Dr. Burchell noted that it was done mostly at the State level and then they took a look at relationships as to where growth took place in the counties. They had information that looked a population in counties overtime and used it essentially to see how individual counties were going to grow as it related to the future. Commissioner Barnes indicated that his question really was under the trend scenario and under the Plan scenario. Those same umbrellas/caps at the county level were held, so that if population moved into a center in Salem County it didn't move from another county. Dr. Burchell explained that one variable is available land and one of the things they also tried to do was to essentially keep the reallocation pools as small as they could. If there was land that crossed county boundaries, there was an attempt to seek out those communities and adjust accordingly.

Commissioner Richman asked for clarification that the 90's was the basic trend line and it didn't include the early 2000 boom. Dr. Burchell responded that the early 2000 boom was included, they took trends from the mid early 1990's and advance that into the future. Commission Richman asked about the sensitivity of the analysis related to forecasting error. If the State grows at 10% or 15% greater than what you had forecast—what does that do to the analysis and where does that growth happen. Dr. Burchell responded that it could be cut both ways, if it grows faster the population increments will increase if it grows slower the population increments and totals will decrease. He noted that he believes that the projections are the best out there—not because he did them—but because they benefited from data being available and from the delay of the Impact Assessment, so that everything could be used right up to 2008, they caught the change. It was essentially a look at data over time, data being influenced by key variables, data being influenced by reduced immigration, increased out-migration as it relates to the State. There was a lot of scrutiny as related to preparing the population projections among a group that looked at the various projections.

Commissioner Richman asked Dr. Burchell to rank the four components in terms of sensitivity to change. Dr. Burchell noted that immigration and out-migration are the most sensitive as death rates and birth rates do not vary that much.

Commissioner Richman asked how redevelopment was handled in terms of land capacity. Dr. Burchell responded that an assumption was made as it related to various communities that over a 20 year period 20% of the land could be redeveloped at a density that was comparable with the existing density. Next, Commissioner Richman questioned naturally forming centers and how

they were filled—at their present density. Dr. Burchell confirmed that they were filled at present density. Commissioner Richman then stated that he thought they grew at twice the rate of the rest of the county and a specific period of time. Dr. Burchell noted that their density was twice the density of the rest of the county.

Commissioner Richman questioned the conclusion that 1.5 million acres of available for development, he thought the COAH number was roughly 1.21 million acres. Dr. Burchell noted that it was a statement in aggregate at the individual municipal level and estimates of the municipal land.

Commissioner Richman talked about the fiscal impacts and increase in surplus to the municipalities that is defined as a surplus of tax revenue above the costs. Dr. Burchell noted that fiscal impact was driven by households, type of housing units, valuation unique to each community by type and project into the future based on tax rate and equalization ratio by municipality.

Commissioner Richman noted that the forecast has about $2/3$ of the housing growth in the southern half of the State which was surprising and asked what the division line was used for the determination. Dr. Burchell noted that the division was Monmouth/Ocean on the coast and Monmouth, Mercer, and Salem on the western side. Commissioner Richman noted that he was surprised that Dr. Burchell was forecasting the about the same ratio of single family units to multi-family units and there has been a trend of new construction being multi-family. Dr. Burchell noted that we have to see how it plays out, they essentially used the distribution that exists in a community and also the change in the distribution that took place over the period of 1990 to 2000 which reflects trend.

Commissioner Eskilson commented that he heard single most important driver in quality of life was the tax base expansion issue. Dr. Burchell confirmed that it was an analysis down to the municipal level. Commissioner Eskilson further noted that as the quality of life increases where the base is expanded it would necessarily decrease where the tax base was declining. Dr. Burchell confirmed.

Commissioner Richman asked that in terms of the tax base, where the expansion is coming from in the analysis. Dr. Burchell indicated that it was from growth.

Commissioner Wilson noted that she was curious about the methodology for determining the trend versus the plan projections by municipality. She was also surprised to see no difference in the overall statewide projections for employment, growth, population growth under trend vs plan. She thought that under the Plan prosperity would be greater so the tax revenue and tax base would grow more, additional jobs based on sustainable and smart growth, wise infrastructure investments would grow more. Dr. Burchell noted that he felt there was a procedural problem and an intellectual agreement related to that discussion. He explained that they have done work in Maryland and Florida and talked to people in Oregon and it is different than the NJ State Plan. All of the Oregon communities have a growth boundary, if you ask them if people come to Oregon specifically for its growth control measures--you don't know if you get a positive response to the question. If you talk to Florida, no one has asked the question nor have

they begun to measure the difference. The procedural problem is determining the effectiveness of the plan given the inability to track other variables. Typically the way it has been completed to address this problem is to use all of the information collectively to say that the overall influences at the trend vs. plan at the State level are the same.

Commissioner Barnes mentioned the decline in the pharmaceutical and research and development headquarters in the State and questioned questions what Dr. Burchell sees as sort of backfilling, how will that change the economic base of the State and does that consciously play into your projections here. Dr. Burchell responded that they do not distinguish between high quality and low quality jobs in terms of projections of employment. He explained that they were doing work in Albuquerque and Santa Fe with both being very into economic development right now and viewing it as a zero sum game. He noted that economic development is no longer a state agency; it is all of the hot shots in business going to Spain to draw on the Spanish connection between New Mexico and its heritage and the growing industries in Spain looking like they might want to have a headquarters presence or ancillary presence in the US. He thinks that is where we have to go.

Commissioner Barnes questioned if infrastructure, particularly water and sewer and to a certain extent transportation, was looked at. He noted DOT has found that moving population into centers and more dense places put additional pressure on the infrastructure in those areas. He questioned if, Dr. Burchell, had any sense that the infrastructure in terms of water and sewer particularly was up to the task? Dr. Burchell commented that they should not forget that there are a lot of type of centers and they are significantly present in this analysis of the Plan. He thinks there are extra costs involved as it relates to it, they take the average cost and use it, but the interesting thing as it relates to public services everyone thinks that when you do a fiscal analysis and show that you have a better fiscal situation under Plan, it is because more development went into to the urban and inner suburban areas and that you are either getting better services or cheaper services, or you're getting some type of underutilized capacity. He noted that it was neither, because you do have to make significant improvements for the public services in all the urban areas. The positive fiscal impact is due to the higher tax rates.

Commissioner Eskilson asked for questions/comments from the public on the presentation and/or the Impact Assessment.

Mike Cerra, New Jersey State League of Municipalities made a public request that the PowerPoint presentation given by Dr. Burchell be made available on the OSG website. Secretary Rendeiro responded that it would be posted within the next couple of days.

Commissioner Eskilson thanked Dr. Burchell for his presentation. Commissioner Eskilson asked for any questions on the draft Plan itself before the committee moves to taking any action it deemed appropriate.

Commissioner Richman questioned how the Impact Assessment would be used in the text of the Plan. He noted that he believed in both prior plans the Impact Assessment was used to look at the difference between Trend and Plan and not as a baseline piece of data for forecasting. He explained that the text in the draft Plan was somewhat ambiguous as to how the Impact

Assessment would be used. He further noted that he was not comfortable with endorsing the Impact Assessment as the "official state forecast" and would like to have a discussion among the committee members regard his concern.

Commissioner Barnes commented that he thinks the document is the best set of projections that are available. There are certainly areas that we can see issue, but it serves it purpose. He agreed that it is not a basis for setting goals with regard to Plan and plan implementation, but serves as guidance. He feels it provides a responsible picture between the gap between Trend and Plan, which is a variable picture. On the basis that it provides guidance, Commissioner Barnes noted he would support it based on the criteria of meeting the statutory requirements.

Commissioner Eskilson noted that he agreed with Commissioner Barnes and that he sees it as well that the Impact Assessment meets the statutory requirement. Further noting that the Commission doesn't control the document nor did it produce the document and therefore doesn't have the ability to make modifications. He explained that the Commission can make comments, but clearly does not control the document. He felt that when the committee takes action, it is not endorsing the Impact Assessment, the committee is simply noting that it has been submitted and acknowledging it has been submitted in accordance with the statute and part of the State Plan and the state planning process.

Commissioner Wilson questioned how the Impact Assessment was going to affect the updated plan itself and whether or not we need to talk about what is it going to take to do better then was projected under the Plan scenario. She explained that she takes issue with some of the mirco projections, not because she has the specific knowledge to do the research, but because she knows certain towns well and based on their zoning and capacity and the reality on the ground, she does not buy some of the projections, but feels that process needs to move forward. She also noted that the Commission might need to think about using benchmarks.

Commissioner Eskilson asked for questions or comments from the public on the draft Plan itself as the committee decides whether or not to move the process forward.

There were no comments at this time from the public.

Commissioner Richman asked Dr. Burchell that in his examination of the components and the Trend versus Plan, did anything leap out that was significantly negative. Dr. Burchell noted that nothing of significant concern was found. He noted that due to time pressures and the fact that population for trend, employment and jobs for trend, were fixed. He thinks that the draft Plan is good plan and that that State is better off with a Plan than without the Plan and that was what the analysis indicates. He noted that he recently read the draft Plan again from cover to cover and the only thing that he saw was that he would consider listing the policies in a different order as the almost appear as a priority list.

Commissioner Eskilson asked for a staff recommendation from Secretary Rendeiro. Secretary Rendeiro noted that it was important to at least move forward and bring the discussion to the full SPC. She noted that all of the comments that have been brought to table can be put together in a list so that the full Commission can hear what all the concerns were from the committee.

Commissioner Wilson made a motion to deliver to the full commission the draft Plan and its appendices and attachments, etc. in an effort to begin the public hearing process and discussion among the Commission members and the broader public regarding the draft Plan itself. Commissioner Barnes seconded. No further discussion. A roll call vote was taken, all were in favor.

With no further agenda items or discussions on other matters the meeting was adjourned.