



State of New Jersey

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HIGHLANDS REGIONAL MASTER PLAN MONITORING PROGRAM SUSTAINABLE ECONOMIC DEVELOPMENT TECHNICAL ADVISORY COMMITTEE MEETING

DATE: December 1, 2015

TIME: 3:30PM - 5:30PM

LOCATION: Highlands Council Office
100 North Road
Chester, NJ

ATTENDEES:

First Name	Last Name	Organization
Deborah	Hoffman	Passaic County Economic Development
Tammie	Horsfield	Sussex County Economic Development Partnership
Jeff	Otteau	Otteau Valuation Group Inc.
Marc	Pfeiffer	Rutgers
Gerry	Sharfenberger	NJ Office for Planning Advocacy
Steve	Shaw	Shaw Built Homes, LLC
Richard	Vohden	NJ Highlands Council – Member
Margaret	Nordstrom	NJ Highlands Council – Executive Director
Chris	Danis	NJ Highlands Council – Staff
Carole	Dicton	NJ Highlands Council - Staff
Maryjude	Haddock-Weiler	NJ Highlands Council – Staff
John	Maher	NJ Highlands Council - Staff
Corey	Piasecki	NJ Highlands Council – Staff
Courtenay	Mercer	Regional Plan Association
Sarah	Serpas	Regional Plan Association

MEETING PURPOSE:

Technical Advisory Committees (TACs) serve to engage those with specific technical content knowledge across the ten topic areas included in the Highlands Regional Master Plan (RMP). TAC membership represents academic institutions, business and industry, regulatory agencies, and non-government organizations, each providing a unique perspective on their area of expertise. Each TAC will meet two times over the course of the RMP Monitoring Program project.

The purpose of TAC Meeting 1 was to review the draft proposed indicators under consideration for analysis, as well as sample indicator reports demonstrating the type of output that is anticipated to be included in the Monitoring Program Recommendation Report (MPRR). As time allowed, the TAC could also discuss potential milestones.

MEETING SUMMARY:

The meeting opened with welcome remarks by the MPRR project consultant, Courtenay Mercer, New Jersey Director at Regional Plan Association (RPA). After attendees introduced themselves, Ms. Mercer provided an overview of the meeting purpose and an explanation of the meeting materials, which included the Agenda, RMP Goals information sheet, Briefing Memo, and Draft Indicator Spreadsheets.

Participants were presented with several general questions regarding implementation indicators in the MPRR, including:

- Do the indicators adequately analyze the Economic Development goals and policies of the RMP? Are there any missing indicators, or are any indicators listed in an inappropriate tier?
- For the sample indicators, does the proposed MPRR format present the indicator clearly (in its narrative, tables, charts, and maps)?
- For each indicator, what may serve as the appropriate corresponding milestone?

The TAC began with a general discussion of the economic climate in the Highlands Region. Participants relayed concern that restrictive regulations and high levels of preservation could diminish economic vitality. The TAC felt that the MPRR process and the Sustainable Economic Development indicators should demonstrate whether a balance exists between protecting natural resources and promoting healthy economic development. Ms. Mercer relayed that the results of the indicator analysis will inform policy and program recommendations to the Highlands Council to enhance implementation of the RMP goals, including those related to economic development.

Mr. Piasecki mentioned that there is a Fiscal Impact Assessment (FIA) being conducted in parallel to the MPRR process. At the time of this meeting, Phase I of the FIA had been completed, and the results of Phase II, the Real Estate and Demographic Evaluation, would be presented at the next Highlands Council meeting. Participants questioned how the two processes were being coordinated, to which Ms. Mercer responded that the draft indicators were formulated in consultation with the FIA consultant. Moreover, relevant data and analyses from the FIA will be incorporated into the Economic Development indicator reports

Participants then discussed the data sources used in many of the indicators, and were particularly interested in the geographic scope of the indicators. Ms. Mercer explained that where possible, the

data was broken down by Northern New Jersey, the Highlands Region, the Preservation Area, and the Planning Area. If data was not available below the county level, the Northern New Jersey counties were divided into those within the Highlands Region and those outside. Participants relayed the desire to see a representation of trends within each county, where possible. Participants discussed the MPRR audience and need for the document to be consumable by the public. To this end, there was dialogue as to whether the MPRR should depict in-depth county-level analysis or regional trends. It was suggested that the more fine-grained analysis would be included in the FIA, and also in the appendices of the MPRR; but for the MPRR narrative, regional trends were more appropriate.

Participants discussed the time periods represented by the data, to which Ms. Mercer explained that data aligned to the years of adoption of the Highlands Act (2004), the RMP (2008), and the initiation of the MPRR process (2014), or as close as possible based on data availability. For example, much of the economic development analysis relied on Bureau of Census data from the Decennial Censuses or the 5-year American Community Survey (ACS), which do not necessarily align with the target Highlands analysis years. Participants questioned the use of 2013 United States Department of Labor Quarterly Census of Employment and Wages (QCEW) data, suggesting that it was outdated. Ms. Mercer relayed that at the initiation of the FIA and MPRR analysis and data collection this was the latest year for which geo-referenced, point-level file was provided. Participants noted that a consistent endpoint should be chosen and adhered to in order to avoid duplicating analyses.

There was further discussion regarding general demographic trends, noting that backward looking analysis will not show the anticipated long-term trend predicted by some economists that younger populations will continue to move out of the area to seek more housing variety, better access to transit, and other amenities offered in more urban environments. Ms. Mercer agreed that, this being the first MPRR process since the adoption of the RMP, shifting demographic trends would likely not be as evident in this analysis as they will be in subsequent MPRR processes to come.

The TAC then discussed the draft proposed Tier 1 indicators (those with the strongest nexus to the goal and policies of the RMP), which would be analyzed as part of the MPRR.

The TAC felt that the Agricultural Easement Values indicator should be moved to the Land Owner Equity topic area.

With regard to the Business Profile Index, participants suggested adding net absorption to the non-residential lease analysis and agreed that CoStar was the best source of data for the analysis. Participants also suggested looking at equalized value of non-residential properties. Construction information (completions and value) should also be included, for which Reed/CMD Group, a subscription-based private data source, was cited as a possible source, and considered superior to New Jersey Department of Community Affairs data. It was also suggested that county gross domestic product (GDP) be included, for which Ms. Hoffman would follow-up with a source. Potential sources for sole proprietorship were discussed with little surety of availability; thus, this item will likely need to be eliminated from the index or added to the Science and Research Agenda. Nielson was suggested as a source of retail sales data. Finally, there was some discussion, but no consensus, about including a Regional Input-Output Modeling System (RIMS), shift share, or location quotient analysis of industry data.

With regard to the Tourism Profile Index, participants suggested that more granular economic and visitation data might be available from the NJ Division of Travel and Tourism, to which Ms. Mercer explained that, when requested of them, the Division was not able to supply data below the State level for areas outside the shore. Mr. Scharfenberger suggested that he might be able to help obtain more granular data from the Division. It was further suggested that if county level data cannot be obtained, perhaps assemblage of tourism data could be included in the Science and Research Agenda.

Throughout the discussion, participants relayed the importance of the housing market as a measure of economic vitality. It was agreed that an indicator measuring Housing Market Health should be added, which will include construction data, equalized property value, home sales, months of housing supply, construction data, equalized property value, vacancy rates, and foreclosures.

It was further agreed that the demographics of the resident population would be important to add to the Resident Profile Index, including population, age distribution, household formation, and county to county migration. Much of this analysis will be completed in the FIA, and can be incorporated into this indicator.

There was some discussion about whether to analyze school enrollment as a Tier 1 indicator, but it was determined to be ancillary to population/demographic shifts.

Ms. Mercer then reviewed the final proposed changes to the Sustainable Economic Development indicators:

Tier 1:

Agricultural Easement Values

- Move to the Land Owner Equity topic area.

Business Profile Index

- Add gross domestic product (GDP) by county
- Add analysis of equalized property value
- Add construction data, including value and completions
- Add analysis of non-residential net absorption rates

Community Character Index

- No changes suggested, but requires research

Resident Profile Index

- Add demographic information, including population, age distribution, household formation, and county to county migration

Tourism Profile Index

- If available, include more granular data about spending and visitation

Housing Health Index (proposed new indicator)

- Analyze construction data, equalized property value, home sales, months of housing supply, vacancy rates, and foreclosures.

Tier 2 and 3:

Labor Force Characteristics

- No Changes

Population Characteristics

- Moved into Resident Profile Index

Seasonal Housing Conversion

- No Changes

Ms. Mercer thanked the participants for attending and sharing their feedback.

REVISED DRAFT INDICATORS LIST:

TIER 1 INDICATORS:

- **Business Profile Index:** An index that measures change in employment by industry, median wage by industry, non-residential vacancy rates, net absorption, rental rates, and construction completions and value, per-capita retail sales, as well as the number of business establishments and sole proprietorships.
- **Resident Profile Index:** An index that measures change in median household income, median disposable income, wages earned as a percent of population, resident unemployment rate, acres of open space per capita, as well as general demographic information including population, age distribution, household formation, and county-to-county migration.
- **Tourism Profile Index:** An index that measures change in the number of tourism related establishments, number of employees of tourism related establishments, median tourism-related wage, and seasonal employment by industry.
- **Housing Health Index:** Determines the health of the residential housing market by analyzing construction data, equalized value, number of home sales, months of housing supply, foreclosures, and vacancy rates.

TIER 2 AND 3 INDICATORS:

- **Community Character Index:** Rating system for overall community character, including open space, vacant buildings, evidence of community development, non-code compliant buildings.
- **Labor Force Characteristics:** Measures change in labor force characteristics, including age, race, gender, and educational attainment.
- **Seasonal Housing Conversion:** Measures change in the gross number of housing units converted to year-round from seasonal, or seasonal from year-round.