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1988

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ECONOMIC/FISCAL IMPACT TECHNICAL ADVISORY COMMITTEE

INTRODUCTION—

GENERAL OVERRIDING CONCERN

The economic impact of the State Development and Redevelopment Plan is of significant concern to the State as a whole and particularly to its business community.

The concern in a nutshell surrounds the lands that have been classified as limited growth. There is some feeling that these lands—restricted from "market" growth, or downzoned—will lose their potential, and other less-desirable land which is upzoned will fail to attain its development potential. Thus, there will be a net economic loss to the State, which is the difference between the lost potential of the downzoned land and the failure to obtain the increased potential of the upzoned land

THE FEASIBILITY OF ECONOMIC IMPACT ANALYSIS

The Economic/Fiscal Impact Technical Advisory Committee met on two occasions. At the first meeting the possibility of measuring economic impacts was discussed. It was generally agreed that, while there could be some attempts at modeling the future under various scenarios of growth, the assumptions of the model, rather than reality, would dictate results. It was also agreed that, rather than spend extraordinary effort here—especially with a dynamically changing plan—more effort could be expended looking at financial "carrots" and regulatory "sticks" to implement the Plan.

It was further acknowledged, however, that before cross-acceptance, the State had to have some sense of where the growth was going to be and at what level/over what period growth would take place. While economic impact analysis may have some vagaries, basic capacity analysis could and should be completed to see if the Plan's goals of population growth/distribution have the possibility of being realized.

THE AVAILABILITY OF FINANCIAL AND OTHER INCENTIVES

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Clearly, there must be incentives to implement the Plan. A guaranteed future-growth level, financial assistance in getting there, and the idea that this has been negotiated by the community are essential in garnering compliance. Without these, municipal participation will be limited. As mentioned before, there must be both carrots and sticks.

There must be DEP, DOT, and DCA infrastructure grants and/or loans. Further, these grants/loans must be of significant scale. There must also be withholding of development permission by State regulatory agencies if a municipality, by not observing the substantive rules or intent of appropriate sections of the State Plan, also fails to comply with State agency regulations or procedures. Anything less renders the Plan ineffective.

Down the line, there must be legislative recognition that to have an approved land-use element of a local master plan, it must be in accordance with the State Plan. Thus, to zone and subdivide land, a municipality must have a sanctioned (by the State Planning Commission) land-use plan.

CROSS-ACCEPTANCE POLICY

Capacity analysis should be undertaken on a regional level and would require estimates of density and vacant land to be completed by State Planning Commission staff for municipalities within designated regions.* Thus, before cross-acceptance, the State must do its homework on land-holding capacity, such that it can adequately look at municipal and county plans to ensure that their conformance is in basic agreement with desired economic objectives.*

At cross-acceptance there must also be a willingness on the part of the State Planning Commission to compromise. If the unofficial—but ball park—average density for growth areas is five units to the acre, and the equivalent for a limited growth area is one unit per five acres, there must be some willingness to move these average densities up or down to bring aboard potentially participating municipalities and counties. A 33-percent adjustment from average densities may be enough to allow a community to "swallow" State-recommended growth guidelines.

Thus, if a limited-growth community knew that positive efforts in cross-acceptance would garner no managed growth, infrastructure funding, and an average density of one unit to three acres, it might be tempted to participate and have its local plan in basic compliance with the State Plan. At the other extreme, communities facing the possibility of up to five units per acre could possibly be brought aboard with a 33-percent reduction in density, to three units per acre, and also be in compliance with the State Plan. In both cases, something positive is realized by Plan participation, and the community has negotiated this.

* This could be the CO AH Regions. Regions should be greater than a single county and less than one-quarter of the State. They should also reflect statewide journey-to-work linkages.

THE PLAN AND QUALITY OF UFE

The consensus of opinion of the Economic/Fiscal Impact Technical Advisory Committee is that a plan that is sensitive to quality of life (which the current Plan is), yet one which looks for compromise and does not stifle growth (which the Plan must demonstrate), is one which is easily acceptable. On the other hand, trend patterns of development, to the degree that they take away from the quality of life, can be seen as actually limiting the overall *economic* health of the State.

TO GROW OR NOT TO GROW

The underlying force in implementing the Plan is understanding the strong desire of some communities in Tiers 2,3, and 4 *not to grow*, and the desire of select communities in Tiers 6B and 7, *to grow*. Tiers 5 and 6A are the compromise areas, with strong leanings in both directions.

Members of the Economic Advisory Committee pointed out numerous examples of near-developed communities in developed areas that were reluctant to grow at increased densities. At the other extreme, it was pointed out that farmers in limited-growth communities cannot afford to lose the equity they hold in land *as developed*. The ability to compromise and thus avoid being forced into hard-line positions in either case is essential.

CLEAR DIRECTIONS

Obviously, for developers, the business community, and for the overall economic health of the State, Planning Commission actions must be clear, direct, and understandable. There must be a minimization of bureaucratic overlay in decisions affecting land use, and there must be predictability in derivative land-use regulations.

WILLINGNESS TO COMPROMISE

Absent truly meaningful carrots and sticks (the probable likely case), it is much better to strive for 75 percent of all communities imposing standards two-thirds as stringent as originally envisioned, and moving forward with planning, than to take a hard stance on the "theoretical" or "published" definitions of development densities in growth versus limited growth areas, and thereby obtain only limited municipal participation,

ECONOMIC IMPACT: CONCLUSIONS

The hard question of economic impact is sidestepped at this point in terms of a more basic question: capacity analysis. The answer to this question and achieving the objectives stated above are more important than premature, assumption-directed economic assessments.