



# Planning Ahead in New Jersey

Smart Growth Recommendations from New Jersey Future

November 2009

## Why State Planning Is Important

In the 21<sup>st</sup> Century, America's frontier mentality is gradually giving way to recognition that land is, in fact, a finite resource. States and metropolitan areas across the country are increasingly facing decisions about how to make more efficient use of the lands they choose to develop while maintaining their ability to attract new residents and businesses.

New Jersey has to tackle these questions first. As the most developed state in the nation, we are on course to reach full build-out before any other state. We have less margin for error — and a more pressing need for state-level planning — than other states in determining how we use our remaining developable lands.

A dynamic state planning process would help us make these decisions wisely. It would focus our efforts on redeveloping today's older towns, suburbs and cities, rather than building on our remaining open lands. It would save tax dollars by maximizing the investments we have already made in our homes, communities and infrastructure. It would protect farmland and open spaces from further development, and preserve historic and culturally significant places. It would increase housing choices by offering alternatives to large-lot, single-family, sprawling developments. It would reduce traffic congestion by promoting mixed-use development that places housing, shopping and jobs in close proximity so that people can drive less or not at all. It would increase options for getting around by improving public transit and promoting pedestrian- and bicycle-friendly development.

In short, an effective state planning process would promote both economic growth and environmental preservation — and allow New Jersey to prosper even as the state's resources, both fiscal and natural, are constrained.

## The Past as Prologue

The good news is that concerned New Jerseyans have actually been thinking about this issue for several decades now. The State Planning Act passed the Legislature in 1985 and was signed into law in 1986. Its findings articulate a list of concerns about steering future development toward the most appropriate locations, preserving important natural resources, promoting economic growth, revitalizing older cities and suburbs and providing a full range of housing options. The Act also cited a need for the various levels of government to coordinate their actions in pursuit of the same

## Recommendations in Brief

State government will need to take an active role in determining how future development plays out, if we want to achieve the important environmental, economic and societal goals outlined in the State Plan. In particular, it is essential to:

1. Create measurable state planning outcomes, not just goals.
2. Simplify the State Plan map to better concentrate growth and coordinate with other land-use plans.
3. Reposition the State Planning Commission to provide better state-level coordination.
4. Streamline the local State Plan conformance process.

set of land-use goals. In other words, the issues that led to passage of the Act more than 20 years ago are the same issues New Jersey is concerned about today.

Over the past two decades, state government in New Jersey has taken some concrete steps toward exerting more influence over where and how development happens. In 1992, the State Planning Commission adopted the first State Development and Redevelopment Plan, more commonly referred to as the State Plan, structured around a set of goals that mirror the State Planning Act's findings. A cross-acceptance process preceded, allowing county and local governments the opportunity to comment and recommend changes to the draft State Plan.

Because the State Plan was explicitly put forward as a voluntary, rather than mandatory, document, it is perhaps not surprising that development patterns since 1992 have deviated somewhat from the guidelines laid out in the Plan. It can be argued, however, that the mere existence of the Plan has served to elevate in the public mind — and in the deliberations of elected and state agency officials — the importance of decisions about how and where we grow in the future.

In fact, the State Plan has increasingly, even if often unofficially, factored into state agencies' decisions about how to prioritize their spending or restructure their regulations. The Board of Public Utilities amended its rules to require that the cost of extension of utility service outside of areas designated for growth in the State Plan be charged

to developers. The Department of Transportation established the Transit Village program in line with State Plan goals. The Economic Development Authority and the Housing and Mortgage Finance Agency prioritized projects in State Plan growth areas. In addition, the courts in New Jersey have upheld municipal down-zoning of land (ex. *Mount Olive Complex v. Mount Olive Village*) in part due to consistency with the State Plan.

The State Plan has plainly made some difference over the past decades. The question is how much — and is it enough?

## How Are We Doing?

### How and Where We Grow

The State Plan advocates compact, mixed-use, walkable, “center-based” development. But that is not how New Jersey is growing. Development trends show that the state is sprawling; between 1995 and 2002, the number of developed acres in the state grew 1.3 times faster than population, illustrating that new development was less compact and more land-consuming than what was already on the ground. This is an improvement, however, over the preceding time period from 1986 to 1995, when developed acres grew 2.3 times faster than population. The State Plan may be able to claim some credit for the move toward more compact growth, but there is still much progress that needs to be made.

In terms of where we are growing, the State Plan map delineates five planning areas — Planning Areas 1 (metropolitan) and 2 (suburban), where new growth is meant to be steered, and Planning Areas 3 (fringe), 4 (rural)

and 5 (environmentally sensitive), where development is to be discouraged. Between 1995 and 2002, a total of 54,244 acres of land were developed in Planning Areas 3, 4 and 5 — a little less than half the total number of newly developed acres statewide.

The fact that more than half of new land development took place in the Planning Areas 1 and 2 represents at least a partial success of the State Plan. Then again, if the map’s planning areas are meant to be taken seriously, the amount of development taking place in areas not considered appropriate for development should ideally be near zero. From that standpoint, there is clearly still room for improvement — or perhaps the criteria for identifying the planning area boundaries need to be reassessed.

### Preserving Natural Resources

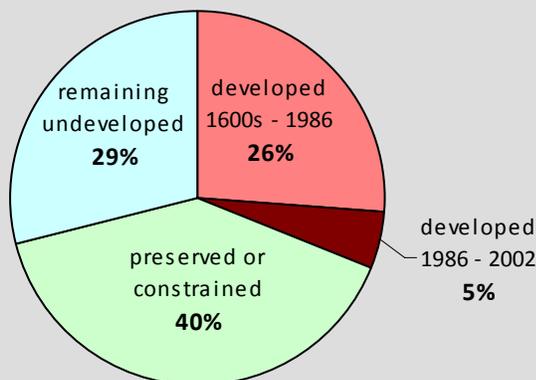
For the period between 1986 and 2002, New Jersey averaged about 15,000 acres (roughly the size of Manhattan) of new land development each year, or a total of about 230,000 acres. In comparison, New Jersey had developed only about five times that amount — 1.2 million acres — in its entire history up to 1986. (Looked at a different way, as of 2002, one out of every six developed acres had been developed within the previous 16 years.) Between 1995 and 2002 alone, 36,000 acres of agricultural land and 58,000 acres of forest were converted to urban uses, a total area about the size of Union and Hudson counties put together.

On the other hand, while we may be using up part of our remaining inventory of developable land at a brisk pace, we are taking land off the market even more rapidly via preservation. From 1999 to 2007, the state’s two land preservation programs — Green Acres for open space, the Farmland Preservation Program for farmland — together placed an estimated annual average of 34,000 acres into permanently preserved status. This is more than double the average rate of land development and does not even include lands purchased by local governments or nonprofit land trusts without the use of state dollars. As of September 2009, more than 1.4 million acres have been preserved by these two state programs since their inception, or nearly 30 percent of New Jersey’s total land area.

This is a victory of sorts for the parts of the State Plan that speak to where not to grow, although by further restricting the future supply of developable land, the rapid rate of preservation should focus even sharper attention on how we develop what’s left. It also may be the case in some instances that land is purchased as a means of preventing development in a location targeted for growth by the State Plan, so not all acts of preservation are necessarily consistent with the Plan’s goals.

### Developed Acres in New Jersey

As of 2002, about 69 percent of New Jersey’s total land area was undeveloped, with 40 percent either permanently preserved or environmentally constrained and 29 percent potentially available. Of the remaining 31 percent that had been developed since the colonists arrived in the 1600s, one out of every six acres was developed in the preceding 16 years.



Source: Land use/land cover data produced by researchers at Rutgers and Rowan universities

**Employment, Congestion and Economic Competitiveness**

One consequence of continued sprawl development is that destinations get farther apart, meaning that people have to travel longer distances to accomplish their daily activities. And, sure enough, New Jersey’s average commute time has been rising steadily, from 24.9 minutes in 1980 to 30.0 minutes in 2000, although it was back down slightly, to 29.4 minutes, in 2007. This ranks New Jersey’s commute time third-highest in the nation, behind New York and Maryland.

Long commute times do more than frustrate drivers. They also sap economic vitality by consuming more of people’s time in unproductive activity and, if things get bad enough, by hindering businesses’ ability to attract employees due to concerns about sitting in traffic on the way to work — especially if there is no transit alternative. And while New Jersey is blessed with a comprehensive transit network, we are actually creating more car commuters, and more congestion, by shifting jobs away from transit-accessible locations and into places where driving is the only option. The 20 municipalities that lost the greatest numbers of private-sector jobs between 1980 and 2003 had a combined 2000 inbound transit commuting rate of 11.7 percent. In contrast, the 20 greatest job-gaining municipalities had an inbound transit commuting rate of 4.0 percent when outlier Jersey City is removed.

**Revitalizing Older Cities**

At the time the State Planning Act became law in 1986, New Jersey’s cities, like those in most of the rest of the country, had fallen on hard times. As a group, the eight “urban centers” identified by the State Plan (Newark, Jersey City, Paterson, Elizabeth, Trenton, Camden, New Brunswick and Atlantic City) had been losing population steadily since 1950. By 1986, their combined population had dropped by

**Top Ten States by Average Travel Time to Work**

*New Jersey’s average commute time of almost 30 minutes is third-highest in the nation.*

rank	state	time (min.)
1	New York	31.2
2	Maryland	30.8
<b>3</b>	<b>New Jersey</b>	<b>29.4</b>
4	Illinois	28.0
5	Georgia	27.1
6	California	27.0
7	Massachusetts	27.0
8	Virginia	26.8
9	Florida	25.9
10	Hawaii	25.7

*Source: American Community Survey, 2005-07*

more than 300,000 people and was down to only 76 percent of what it had been in 1950. Meanwhile, the state as a whole gained 2.8 million people over the same period.

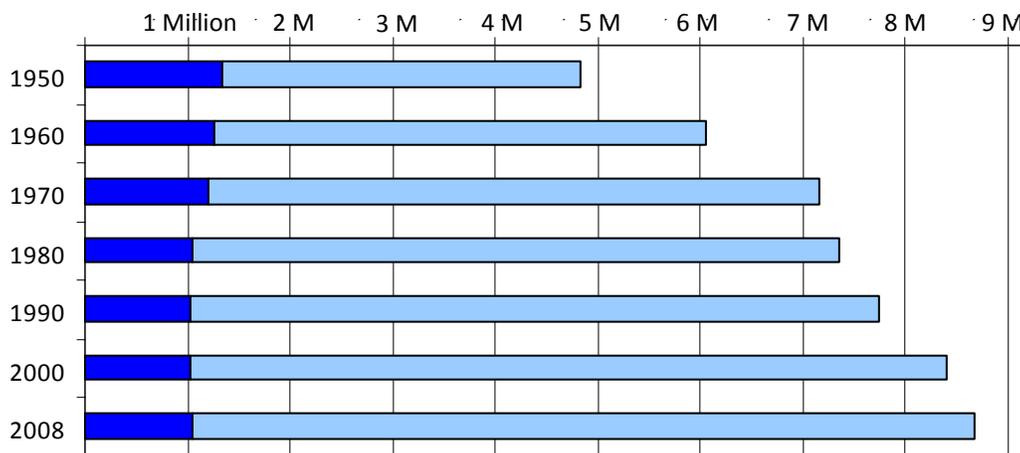
But the urban centers have since reversed their decades-long decline, posting a modest population gain of 1.0 percent in the 1990s — only about one-eighth the growth rate of the state as a whole, but a gain nonetheless. And the turnaround has continued into the new century, with the urban centers collectively growing by 0.66 percent between 2000 and 2008 — slower than their 1990s growth rate but actually a better performance relative to the rest of the state, representing about one-fifth of the statewide growth rate of 3.2 percent.

Much of this population growth, not just in the State Plan urban centers but throughout urban New Jersey, has come

as the result of actual new development activity. Between 2000 and 2008, 16.3 percent of the building permits issued statewide were issued in the 30 distressed cities identified in the Housing and Community Development Network’s “Cities in Transition” report. This compares to only 5.9 percent of the state’s building permits issued in the same cities between 1990 and 1999. Given that most of these places are essentially fully built-out, this new building permit activity is necessarily taking the form of redevelopment, which is one of the chief goals of the State Plan.

**Population of 8 State Plan Urban Centers vs. Total Population, 1950-2008**

*As a group, the eight “urban centers” identified by the State Plan lost population steadily since 1950. But the urban centers have since reversed their decades-long decline, posting a modest population*



*Source: U.S. Census Bureau*

### Providing Needed Housing

The need for affordable housing has always loomed large in the history of state-level planning in New Jersey. In fact, the State Planning Act came about in the first place mainly as a response to the Supreme Court's Mount Laurel II decision in 1983, which sought to further clarify which parts of New Jersey qualified as growth areas subject to affordable-housing obligations and also cited the need for such housing to be provided in ways that were consistent with sound planning principles.

A recent study by the Lincoln Institute of Land Policy gave New Jersey high marks for its provision of affordable housing, citing its creation of more than 24,000 new or rehabilitated units between 1990 and 2000. Considering that estimates of the real need for lower-income housing range upwards of 600,000, this may not sound like a lot. But the study points out that New Jersey's performance compares favorably with that of other states, in terms of the amount of multi-family housing and rental housing it has produced.

New Jersey still falls far short, however, of providing a full range of housing options for households across the income spectrum. As of 2007, an estimated 33.7 percent of all New Jersey households spent at least 35 percent of their gross income on housing costs. This is the third-highest rate of housing burden in the country, after California and Nevada.

### State Agency Coordination

Two decades of experience have made it clear that for the State Plan and its accompanying map to have any impact, its principles must be reflected in the decisions of state agencies about how and where growth will occur. The state agencies and departments have to be working in close cooperation to make their rules, regulations and policies consistent with one another, and with the State Plan.

Too often, they are not. The most glaring example, but by no means the only one, is the lack of coordination between COAH's mandates affordable housing production and DEP's regulations that inhibit or prohibit growth. In cases such as these, local governments find themselves whipsawed between conflicting state agency goals and directives. Similarly, there are regulations in place that impede redevelopment and slow economic investment in desirable locations.

The Office of Smart Growth in the Department of Community Affairs (once called the Office of State Planning and part of the Department of Treasury) serves as the staff of the State Planning Commission and is responsible for overseeing the coordinated efforts of state agencies to carry out the principles of the State Plan. The office, however, is a shell of its former self, leaving the commission with neither the staff nor the clout to encourage, much less require, interagency cooperation and coordination.

## What Should We Do?

Clearly, some progress has been made toward achieving the State Plan's goals and objectives. If nothing else, the existence of the State Plan has raised awareness at all levels of government of the many challenges New Jersey faces as we approach build-out. And those challenges are daunting: lack of housing options for the full range of household incomes; sustained economic distress in many urban centers and older suburbs; dispersed employment patterns that inhibit transit use and exacerbate traffic congestion; low-density development that carves up open spaces.

New Jersey will almost certainly continue to grow, with or without state government input as to where that growth should happen or what form it should take. Or New Jersey may actually stop growing, because the state has concentrated too much on stopping growth in the "wrong" places but made insufficient effort to encourage it in the "right" places. Either way, the question of how the nation's most developed state does or does not continue to accommodate new residents and businesses is going to get resolved.

State government will need to take an active role in determining how future development plays out, if the state is to achieve all of the important environmental, economic and societal goals outlined in the State Plan. It is essential to:

- 1) Create measurable state planning outcomes, not just goals.** These outcomes should give concrete meaning to the overarching goals, drive decisions about mapping and other policies and provide a means to judge whether the map and other policies are likely to meet those goals.
- 2) Simplify the State Plan map to better concentrate growth and coordinate with other land-use plans.** The simplified map should make it more obvious where growth and conservation will occur, including identifying growth centers and environmentally constrained sites. The State Plan map should be consistent with other land-use plans, such as water quality management, housing and transportation infrastructure plans.
- 3) Reposition the State Planning Commission to provide better state-level coordination.** The Commission should be located in a neutral place within state government and the chief executive officer should be a cabinet-level position. The Commission should have the authority to challenge state-level land-use spending and rule-making decisions coming from any state department.
- 4) Streamline the local State Plan conformance process.** The local conformance process should focus on where growth should occur and at what intensity. The process should be simple, compatible with other local land-use planning and provide support for implementation.