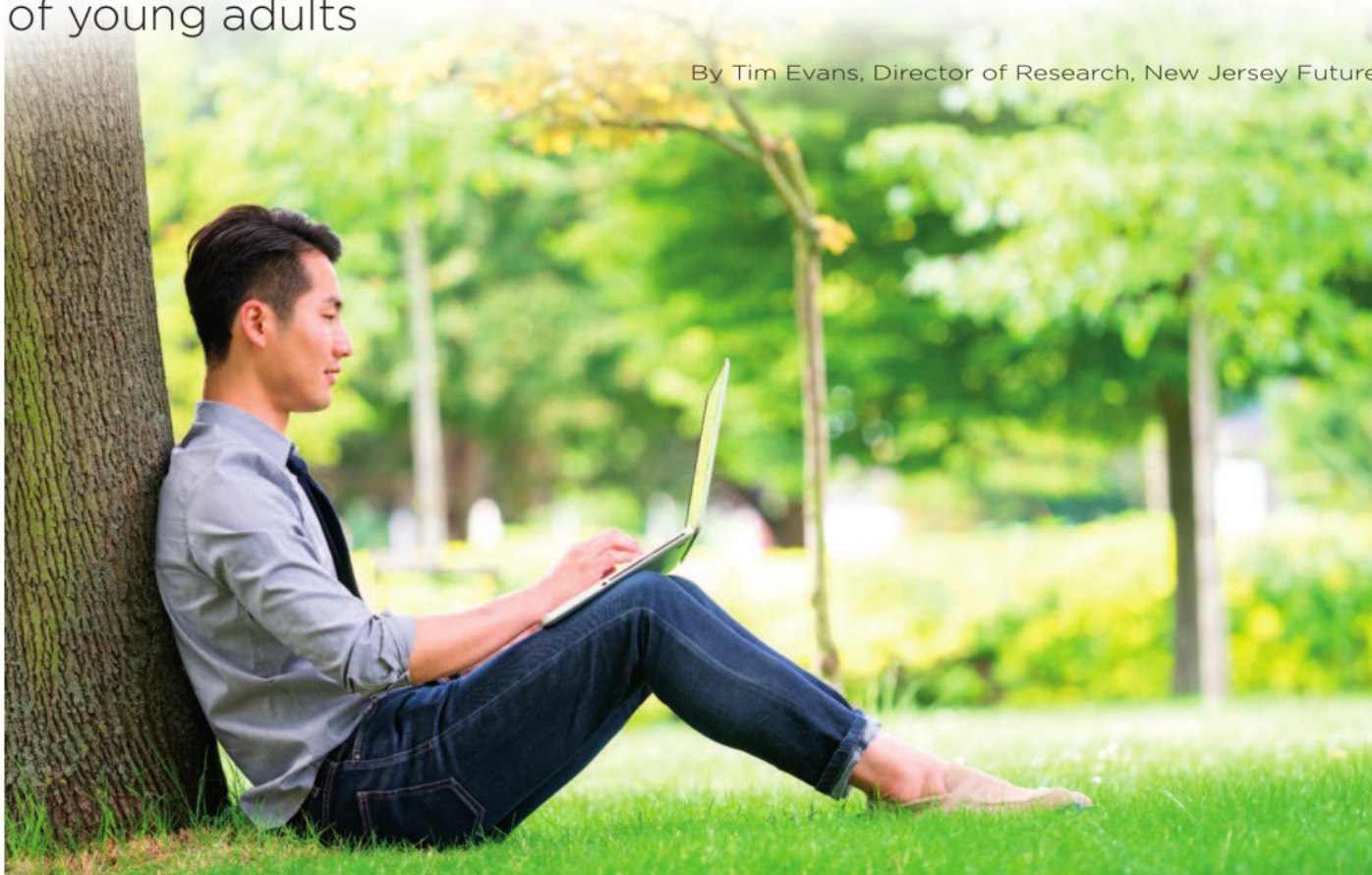


# Thank Millennials for Growth

Live-work-play neighborhoods attract today's generation of young adults

By Tim Evans, Director of Research, New Jersey Future



**S**uburban sprawl is out. Redevelopment and “live-work-play” neighborhoods are in. And it’s all thanks to the Millennial generation, who are opting out of the car-dependent suburban subdivisions where they grew up. New Jersey’s population data now show a clear trend toward redevelopment in New Jersey’s cities, towns, and older suburbs, a trend driven by the locational preferences of today’s generation of young adults.

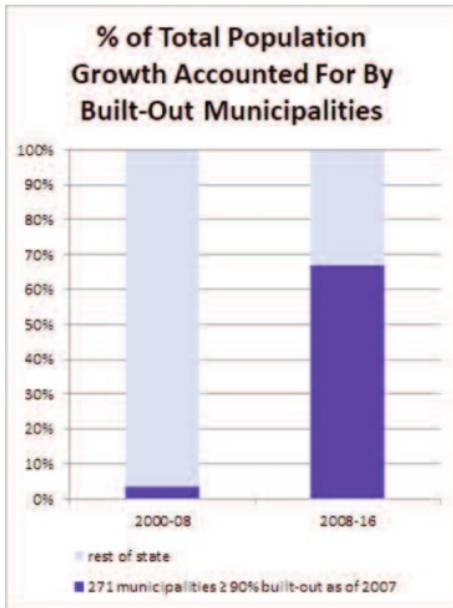
## Growth drivers

Built-out places, where there is little undeveloped land left to build upon and where most new growth is by necessity redevelopment, have recently reversed decades of stagnation or outright population loss and are now the primary drivers of growth in the post-recession era. The 271 out of 565 municipalities in the state that were at least 90% built-out as of 2007 accounted for fully two-thirds (66.8%) of total statewide population growth between 2008 and 2016.

This same group of municipalities collectively made up only 3.6% of statewide growth between 2000 and 2008, so their post-recession turnaround is quite remarkable. In contrast, the 110 municipalities that were less than 50% built-out accounted for just 3.7% of the total statewide population increase between 2008 and 2016, after having represented 27.2% of population growth in the prior eight years.

New Jerseyans are also locating closer to transit. Taken as a group, the 138 municipalities hosting rail transit stations





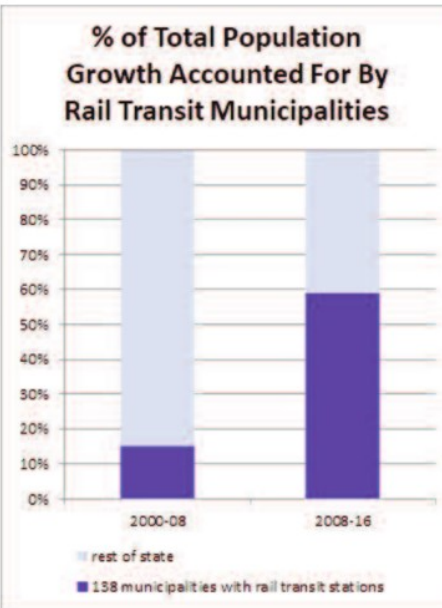
accounted for well above half—58.8%—of the total statewide population increase from 2008 to 2016, after accounting for just 14.9% of the total increase from 2000 to 2008. Transit municipalities' collective growth rate of 3.5% from 2008 to 2016 was nearly double that of the non-transit municipalities (1.9%) over the same time period.

### Car-free citizens

A driving force behind these turn-arounds is the fact that the Millennial generation (roughly those born between 1981 and 2000, most of whom are now in their 20s and early 30s) are rejecting car-dependent suburbs in favor of places where they can live, work, and socialize in the same neighborhood, or within easy reach of public transportation. A recent analysis by New Jersey Future, *Where Are We Going? Implications of Recent Demographic Trends in New Jersey*, that ranked each of the state's 565 municipalities on three metrics:

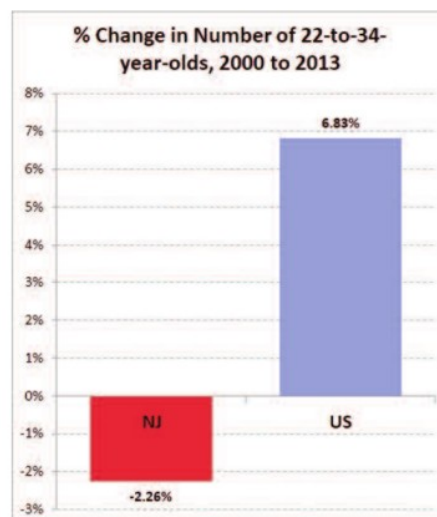
- Compactness and walkability
- Activity density (population and employment per developed square mile)
- Presence of a mixed-use downtown, and street network connectivity

It was found that young adults (ages 22 to 34) are disproportionately concentrated in places that score well on all three metrics. In general, the more



metrics on which a place scores well, the higher its concentration of Millennials tends to be. The good news is that New Jersey has more of these compact, walkable places than many other states, since many of its towns and first-generation suburbs predate the rise of the automobile as the dominant mode of transportation, and were built to be walkable and transit-friendly out of necessity.

A secondary discovery of the study points to trouble, however: Unlike what is happening in the rest of the country, New Jersey's Millennial population is shrinking. Nationwide, the number of 22-to-34-year-olds grew by 6.8% from 2000 to 2013, reflecting the largest



generation in American history aging into this age range over those 13 years. But New Jersey had 2.3% fewer 22-to-34-year-olds in 2013 than in 2000.

Where are New Jersey's missing Millennials? The fact that the state has the highest rate in the country of young adults still living with their parents points to high housing costs as a likely driver of out-migration. Many young people simply can't afford to live on their own in New Jersey; moving out of their childhood home often means moving out of the state altogether.

### What to do?

What can New Jersey's municipalities do to attract and retain these young adults? The answer depends on the kind of place a municipality already is.

Places that score well on compactness and walkability and that have a good mix of housing types tend to be the places in which Millennials are already congregating. The challenge for such places is to try to continue doing what they've been doing, finding ways to make room for more newcomers by offering a range of housing types at a wide variety of price points. Ideally, new growth will be accommodated by building on vacant parcels or repurposing existing buildings, so as to avoid displacing existing residents at the lower end of the income scale.

### Hoboken, Jersey City, and Harrison

are all good examples of how to add new housing supply by building on disused former industrial lands. Indeed, Hoboken is the state's Millennial capital—45% of its residents are between 22 and 34, compared to 16.4% statewide.

Places that score well, but where Millennials are nonetheless underrepresented, raise the question of what is deterring young adults from moving there.

### Englewood Cliffs, Cranford, Kenilworth, and Pennington

whose housing stocks are dominated by large single-family detached homes, the most likely explanation is a shortage of apartments, townhouses, and other smaller, less expensive housing options



that are suitable for early career Millennials looking to live on their own.

**Montclair, Fort Lee, and Leonia**, which do already offer a variety of housing types, the problem may simply be that the supply of housing of all types is not keeping up with demand, driving prices up and pricing out most young people, whether homebuyers or renters.

In each case, one obvious solution is to follow the lead of Jersey City or Harrison and look for ways to add new housing stock, through infill development on undeveloped land or through the repurposing or replacement of disused buildings. And if a municipality's existing housing stock is mostly single-family detached, it should concentrate on adding other housing types.

“**Millennials are the future of New Jersey, and keeping them in the state should be a major concern for both government and business leaders.**”

**Metuchen** (where Millennials are slightly underrepresented compared to the rest of the state), for example, has been building multifamily housing projects on surface parking lots near its train station (surface parking representing perhaps the most obvious, if underappreciated, reservoir of “new” developable land in built-out places), adding much-needed supply and diversity to its housing stock.

Though both **Dover and Woodbury** already have higher-than-average percentages of Millennials, they provide examples for smaller cities of how to repurpose moribund non-residential buildings, having both recently undertaken projects to convert prominent

older buildings (a silk mill in Dover's case, an opera house in Woodbury's) into apartments, with retail on the ground floor.

What about towns whose developed areas were mainly built in the post-World War II automobile era and hence lack a traditional downtown and a grid-like street network? If undeveloped land is scarce, car-oriented suburbs can opt for the admittedly more difficult task of retrofitting an existing development to try to make it more “center”-like. They may take a cue from more walkable built-out places like Metuchen and consider allowing new buildings to arise on surface parking lots.

**Somerdale** has redesigned an outdated shopping center to make it more inviting to pedestrians and has built new housing directly adjacent to it, integrating a residential component into a formerly single-use commercial property.

Or towns can go a step further by

demolishing part of an underperforming car-centric commercial property and allowing housing to be built on the cleared land.

**Voorhees Township** did this with the Echelon Mall, knocking down part of the old enclosed mall to make way for townhouses and a new outdoor strip of restaurants and bars, then knitting them all together with new pedestrian connections and green spaces and rechristening the whole project as the Voorhees Town Center.

### County and country considerations

In some cases, the question of how to retain and attract Millennials is much more wide-ranging, and affects entire counties. The three more rural counties in the northwestern corner of the state—Sussex, Warren, and Hunterdon—all began losing population around the time of the Great Recession in 2008, after



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having appeared near the top of the list of fastest-growing counties in the 1990s and in the earlier half of the 2000s. All three have a distinct dearth of live-work-play towns of the kind that today's young people are seeking.

In fact, across all three counties, only Lambertville, Flemington, Sussex Borough, and Phillipsburg score well on all three metrics of compactness and walkability, and beyond these, only Newton, Hackettstown, Washington Borough, and Belvidere score well on even two of them. This amounts to only eight towns with “center”-like characteristics out of a total of 72 municipalities in the three counties. And only half of these—Lambertville, Flemington, Phillipsburg, and Hackettstown—have a higher percentage of 22-to-34-year-olds than the statewide figure.


A similar situation holds in the far southern end of the state, where Salem, Cumberland, Atlantic, and Cape May counties have all been losing population

since 2008. Aside from the Shore towns along the Atlantic coast, many of which function as full-service towns for only four or five months out of the year, the only other municipalities in these four counties that score well on at least two of the metrics are Bridgeton, Pleasantville, and Woodstown. (Bridgeton and Pleasantville have above-average concentrations of Millennials, while Woodstown does not.)

If the Millennial generation has been gravitating toward larger urban centers, inner-ring suburbs, and town centers, what are the ramifications for the state's exurban and rural counties? If a county suffers from a shortage of exciting night life and other urban amenities, a lack of town centers where growth can be targeted, and longer distances to larger centers, a different approach is required.

Millennials are the future of New Jersey, and keeping them in the state should be a major concern for both government and business leaders. We as a state need

to do more to attract and retain this generation by creating more of the kinds of places where Millennials want to live, work, and play.

The easiest place to start is by figuring out how to accommodate new growth in the compact, walkable places we already have. The more long-term—and more challenging—project is to find ways of making car-dependent development more center-like. Reconfiguring 60 years' worth of automobile-centric suburbia is not going to happen overnight; after all, the Somerdale and Voorhees retrofit projects both still attract visitors mainly by car. But it will not happen at all without local leaders with the vision and the will to try something new. And such changes may become an imperative if Millennials' expressed preference for in-town living persists as they age. 

Tim Evans is director of research for New Jersey Future, a nonpartisan nonprofit organization that promotes policies for sustainable growth and development in New Jersey.

# Exurban and Rural Strategies

Communities without urban centers, inner-ring suburbs, or town centers should engage in a strategic planning process that re-examines a town's assets and aspirations.

**FIND THE CHARM** There may be opportunities to create small centers that contain authentic charm, a reasonable number of amenities, and a mix of housing types.

**MAKE ZONING FLEXIBLE** These communities can also make sure that their zoning allows for more flexible land-use configurations like live-work spaces, apartments above stores and offices, and the types of retail and restaurant/bar uses that are likely to appeal to young adults.

**ACCENTUATE THE POSITIVE** It may be possible to attract to these communities' specific market segments that value local assets such as rural landscapes, access to outdoor activities, agricultural tourism and business opportunities, local specialty employers, lower cost housing, or good public services and schools.



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