



Testimony on Economic Development Incentives

Joint Meeting of Senate Economic Growth Committee and Assembly Commerce and Economic Development Committee

Feb. 11, 2019

Contact: [Peter Kasabach](#), Executive Director,
609-393-0008 ext. 104

Chairwoman Cruz-Perez, Chairman Johnson, and members of the committees,

New Jersey Future is a nonpartisan, nonprofit organization that believes our state can be a great place for everyone with a strong, prosperous economy; safe, healthy communities; and abundant open spaces. All of this can happen if we make smart decisions about what we build and where we build.

New Jersey Future understands the state's interest in having a robust incentives program to maintain a healthy and thriving economy, and to attract new businesses to New Jersey. But, it's not enough to just bring new businesses in -- we must ensure these new employers are going to locate in places that support smart growth and do not encourage sprawl. State incentives should not be used to support sprawl, but rather to encourage growth in areas that are in the state's best long-term interest. The current incentive programs generally do a good job of directing subsidies toward smart growth areas.

New Jersey Future has seen the incentive program outlines generated by the Murphy administration. The following comments reflect those outlines, but also make larger policy points.

Any incentive program should be targeted to areas where we want to see growth, such as Planning Areas 1 and 2 as defined by the State Plan. While the economic landscape should be a consideration, it is critical that geography also be taken into account. The proposed NJ Aspire and NJ Forward programs should limit subsidies in areas that should not see further development while at the same time provide effective incentives in smart growth areas. For example, the NJ Forward program could have its cap lifted in high-priority smart growth areas, like Opportunity Zones, downtowns or near transit.

A Historic Preservation Tax Credit is an important tool for the revitalization of our cities and downtowns. This program can be paired with the federal historic tax credit program and can be modeled on those used in other states. It will be important to ensure that smaller commercial, mixed-use and multi-family developments that contribute to a community's character and economic development prospects are eligible.

It is critical to support market-rate residential development in our emerging urban markets. Urban downtowns work when there is a robust mix of uses present and an abundance of people living there. The proposed NJ Aspire program, that replaces the Economic Redevelopment and Growth program, should prioritize funding for market-rate, multi-family residential projects that are necessary to move emerging market cities and downtowns forward. Insufficient funding for these uses will prevent momentum from being created, and will stop progress in places that are already starting to move.

Lastly, cleaning up brownfields is an important economic development and environmental justice issue. Any brownfields program should ensure that mixed-use and residential projects, not just commercial projects, receive funding. Reclaiming brownfields can have a strong economic development impact in smart growth locations if those sites have some market demand and can be re-used in a timely fashion.

Thank you for the opportunity to testify. Please feel free to contact me with any questions.