

DRAFT FOR CONSIDERATION BY THE HIGHLANDS COUNCIL  
AT THE JUNE 12, 2008 COUNCIL MEETING

**Part 8. Sustainable Economic Development**

**Sustainable Regional Economy**

**Issue Overview**

The Highlands Region is characterized by a dynamic economy that exhibits strength relative to the State as a whole. A challenge facing many communities in the Highlands Region is determining how best to balance resource protection requirements while maintaining and enhancing a vibrant community and a sustainable local and regional economy. The Highlands Act establishes water and natural resource protection as the fundamental goal for the Highlands Region, but also recognizes the many social, cultural, and economic benefits associated with development, redevelopment, and economic growth in appropriate locations. Agricultural viability, redevelopment, smart growth approaches, improved land use efficiency, transit oriented development, and shared services are encouraged in the Region, while piecemeal or scattered sprawl-type development is recognized as an inefficient use of land and an impediment to achieving a more sustainable regional economy.

Economic development can be broadly described as any effort or activity that improves general economic health. It may involve a range of activities aimed at increasing the local tax base and providing employment opportunities, including both land development and non-development approaches. Efforts can range in scale from local to regional, and individual economic activities will depend upon local conditions. In areas characterized by high natural resource values, economic activity may be in the form of agriculture and forestry, redevelopment of brownfield and greyfield sites and existing developed areas, and the expansion of recreation and tourism opportunities. Agricultural areas will benefit from a sustainable agricultural approach that includes agri-tourism and the reduction of the potential for conflicting land uses through clustering and redevelopment of existing developed lands. In existing developed areas with infrastructure, economic viability should stem from efficient land, infrastructure and resource use. These opportunities may include redevelopment, sharing of services, downtown revitalization, business retention and expansion, transit oriented development, and tourism. Economic growth should be focused to transit corridors and existing centers, rather than sprawling throughout the region.

**Program Summary**

The Sustainable Economic Development Program describes the tools, incentives, and assistance available to support sustainable economic development in the Highlands Region. The objective of the program is to ensure long-term, sustainable economic viability, not short-term economic activity.

The program overall seeks to promote appropriate, sustainable, and environmentally compatible economic development throughout the Highlands Region. In support of this, conforming municipalities are required to develop or update an existing economic plan element. The program also discusses recreation and tourism based economic initiatives, which derive economic benefit from the

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**RMP Policies and  
Objectives Addressed**

sustainable use of natural resources of the Highlands Region. Enhancements to the Region's tourism infrastructure will encourage more visitors to come to the Region.

The economic monitoring components of the program will monitor and evaluate the health of the Highlands economy using a set of regionally available economic indicators. The data will provide periodic evaluations of the performance of Highlands Region economic conditions. The information provided by the economic tracking will also support the development of the required municipal economic plan element. Finally, the RMP Funding program component will address funding and technical assistance available to conforming municipalities. It will also outline the Cash Flow Timetable (as mandated by the Highlands Act), which monitors and tracks municipal fiscal performance in support of conformance activities and regional shared service opportunities.

**Policy 8A1.** To maintain and expand the existing job and economic base by promoting appropriate, sustainable, and environmentally compatible economic development throughout the Highlands Region.

**Objective 8A1a.** Highlands Economic Development Program to identify and promote sustainable economic development opportunities in the Highlands Region, in a manner that integrates economic, social and environmental factors.

**Objective 8A1b.** Serve as an advocate and technical resource for Highlands economic development initiatives in work with municipalities, counties, regional agencies, and the private sector to promote sustainable economic development in the Highlands Region.

**Objective 8A1d.** Positive fiscal impact to local governments and the Region through appropriate economic development initiatives.

**Policy 8A2.** To preserve the high quality of life in the Highlands Region through economic planning and implementation of the RMP.

**Policy 8A3.** To identify and pursue state and federal programs that offer financial and/or technical assistance for sustainable economic development in the Highlands Region.

**Policy 8A4.** To serve as a clearinghouse for economic development opportunities in the Highlands Region.

**Objective 8A4b.** A long-term Economic Tracking Program as a means to continually assess the long-term economic progress of the Region through specified economic indicators in order to establish Highlands trends and to support local economic plan elements.

**Policy 8A6.** To require that conforming municipalities develop an economic plan element that provides strategies for achieving sustainable and appropriate economic development consistent with local desire and identifies any development, redevelopment and brownfield opportunities.

**Objective 8A6a.** Coordinate with municipalities and counties as local and regional strategies are developed to improve the tax base and to create jobs and economic opportunities consistent with the policies and objectives of the RMP.

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**Policy 8B2.** To protect and enhance the agricultural economy in the Highlands Region.

**Objective 8B2a.** Coordinate activities with the NJ Department of Agriculture and other entities to ensure a sustainable agricultural industry and agricultural operations that improve farm incomes and the long-term viability of farming.

**Policy 8C1.** To promote recreation and tourism based economic initiatives, which derive economic benefit from sustainable use of the natural resources of the Highlands Region.

**Policy 8C2.** To enhance the Region's tourism infrastructure in order to increase visitors to the Highlands Region.

**Policy 8C3.** To promote public and private tourism attractions in the Highlands Region through the marketing of natural resources, the arts, cultural, historic, scenic, agricultural, and recreational resources, urban amenities, and accommodations.

**Policy 8C4.** To support local, state, and federal eco-, agri- and heritage tourism programs.

**Policy 8C5.** To advocate for state and federal funding of recreation and tourism initiatives in the Highlands Region.

**Policy 8D1.** To ensure opportunities for home office, entrepreneurial and other small business activities in the Highlands Region.

**Objective 8D1a.** Municipal and county development regulations which permit the establishment of home occupations, participation in small business incubator programs, and the use of innovative technologies that promote compact design, native species landscaping, low impact development, energy efficiency and resource conservation in support of comprehensive RMP goals.

**Policy 8E1.** The Cash Flow Timetable shall track the revenues and costs associated with the Highlands Protection Fund, with the exception of the Pinelands Property Tax Stabilization Aid category. Four components that shall be tracked in the Cash Flow Timetable include:

- Planning Grants Program (including Incentive Planning Aid and Regional Master Plan Compliance Aid);
- Highlands Property Tax Stabilization Aid;
- State Aid for Local Government Units (Watershed Moratorium Offset Aid and other State Aid funding); and
- Land Acquisition Tracking

**Economic Planning**

Sound land use planning is important to ensure economic vitality in the Region. Conforming municipalities are required where appropriate to develop (or update) an economic plan element that provides strategies for achieving sustainable economic development appropriate for the municipality and consistent with the policies and objectives of the RMP. The economic plan should also include a discussion of fiscal sustainability. These plans will vary considerably in scope, depending on the size and composition of a municipality, its current economic conditions and whether it chooses to grow or not. Any development,

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redevelopment, and brownfield opportunities should be identified in the economic plan. Economic plans should strive to maximize potential economic effects when locating future homes, commercial and industrial facilities through development and redevelopment, and public facilities.

Existing land uses and the transportation system provide a foundation for sustainable economic growth. Economic activity that involves land development should be concentrated around transportation corridors and in local and regional centers, which in turn protects sensitive natural and farming areas from conflicting uses. In sensitive natural and farming areas, zoning can permit agri- and eco-tourism uses while implementing RMP resource standards to prevent the degradation of natural resources. Throughout the Region, municipalities should consider development regulations that permit the establishment of home occupations, entrepreneurial, and other small business activities to increase economic viability while reducing transportation costs.

The Council will provide general assistance related to sustainable economic development planning, including the following:

- Information regarding state and federal programs that offer financial and/or technical assistance for sustainable economic development;
- Discretionary planning grants, which are intended to support important elements of the RMP through planning studies on targeted issues, including sustainable economic initiatives;
- Coordination between the Highlands Council and other key economic players, including state and federal agencies, as well as public entities; and
- Maintain information regarding economic development opportunities and initiatives in the Region, as identified through local economic plan elements.

**Tourism Opportunities**

Tourism is a major component of New Jersey's economy. It is the second largest industry in the State and continues to be a significant revenue source for the State in terms of billions of dollars annually and provides approximately 500,000 tourism-related jobs statewide. The Region's historic, cultural, recreational and scenic locations should be recognized not just as tourism resources, but as economic assets which can be managed and enhanced in a sustainable manner adding much benefit to local economies. Tourism initiatives should focus on increasing visitors to the Region by linking attractions to restaurants and accommodations. Transit-oriented recreation and tourism connections should be encouraged, where possible. From an economic perspective, the terms agri-, eco-, and heritage tourism refer to the business opportunities related to farm operations (other than the traditional sale of agricultural goods), natural, and heritage resources that do not involve the modification or consumption of the resource. The program component includes coordination with the NJ Division of Travel and Tourism to promote agri- and eco-tourism activities to support the farm economy by allowing farmers to benefit from additional sources of income; coordination with historic preservation, open space, and recreation efforts as a means to link agricultural preservation/retention efforts; and the development of economic development incentives that include flexible land use regulations to

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support the expansion of food and farm-related businesses. (See *Historic Resource Protection Program*, *Scenic Resource Protection Programs* and *Agricultural Management and Sustainability Program* for addition details) Additional RMP tourism strategies include:

- Support for existing eco-, agri- and heritage tourism program by partnering with appropriate agencies, municipalities, counties, and non-profit entities. The Cooperative Marketing Grant Program, a collaboration between the New Jersey Department of State, Division of Travel & Tourism and the New Jersey travel industry, is an example of an existing tourism grant program.
- Coordinate with NJDEP, New Jersey Commerce, Economic Growth and Tourism Commission, and NJ Division of Travel and Tourism on innovative ways to market and expand opportunities relating to the Region's natural resources, the arts, cultural, historic, scenic, agricultural, and recreational resources, and urban amenities.
- Advocate for state and federal funding of tourism initiatives in the Highlands.

**Economic Monitoring -  
Agricultural Vitality**

In support of the protection and enhancement of the agricultural economy, agricultural economic metrics for the Highlands Region will be monitored and evaluated. This will be done in coordination with the United States Department of Agriculture, New Jersey Department of Agriculture, County Agriculture Development Boards, and additional sources as appropriate. Data from national, state, county and local resources will be utilized to evaluate regional conditions and performance. (See *Agricultural Management and Sustainability Program* for additional discussion relating to agriculture).

The program component will evaluate data including but not limited to the following:

1. Farmland assessment data as they relate to agricultural land use types, agriculture crop types and yields, specialty crops, and livestock types;
2. Value of farm land and buildings;
3. Net cash farm income;
4. Value of agricultural products sold for direct and organic; and
5. Benefit to community if farms are permitted second businesses.

**Economic Monitoring –  
Economic Tracking**

In support of long term planning, economic indicators will help determine economic trends of the Region. Indicators will be used to evaluate economic segments over time so that Highlands-related trends can be distinguished from general trends. They will provide perspective on the economic impacts of certain land use restrictions relating to RMP implementation and measure the overall economic and fiscal health of the Region. The *Financial Analysis Technical Report* contains baseline data, and conforming municipalities will track data through local economic plan elements. The RMP Monitoring Review Report will present the periodic region-wide fiscal impact assessment, as well as Highlands Milestones. (See the *RMP Monitoring Program* for additional information).

This program component will initially track the following and is subject to

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**Regional Master Plan  
Funding**

enhancement and refinement as required:

1. Population (distribution and age demographics);
2. Employment (industries and levels);
3. Housing units;
4. Income (median household and per capita income);
5. Property tax (average property tax);
6. Equalized property values and per acre calculations (vacant land, residential, commercial, industrial property, and farmland);
7. Property Transactions (number of transactions and sales data); and
8. Building Permits.

In recognition of the costs associated with municipalities and counties conforming to the RMP, the Highlands Act provides funding, planning and technical assistance to avoid placing undue financial burdens on these entities. It is recognized, however, that the current funding available to Council for the purposes of RMP implementation will not cover all associated costs. The Highlands Act also prescribes the tracking of certain fiscal information through the development of a Cash Flow Timetable, which tracks the revenues and costs associated with the Highlands Protection Fund, with the exception of the Pinelands Property Tax Stabilization Aid category.

This program component tracks and assesses data, provides technical assistance and funding and includes but is not limited to the following:

1. Track and update revenues and costs associated with the Cash Flow Timetable including: Highlands Planning Grants Program (including Incentive Planning Aid, Regional Master Plan Compliance Aid), Highlands Property Tax Stabilization Aid, State Aid for Local Government Units, and in support of Land Acquisition.
2. Provide funding and technical assistance to eligible municipal and county governments for the purposes of revisions to their master plans, development regulations, and other regulations through RMP Compliance and Incentive Planning Aid.
3. Provide planning grants and technical assistance to be used by municipalities for special projects including the preparation of case studies relevant to Plan Conformance.

For additional information on the Cash Flow Timetable, see the *Financial Analysis Technical Report*.