

- DRAFT -
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FIA—FINAL REPORT

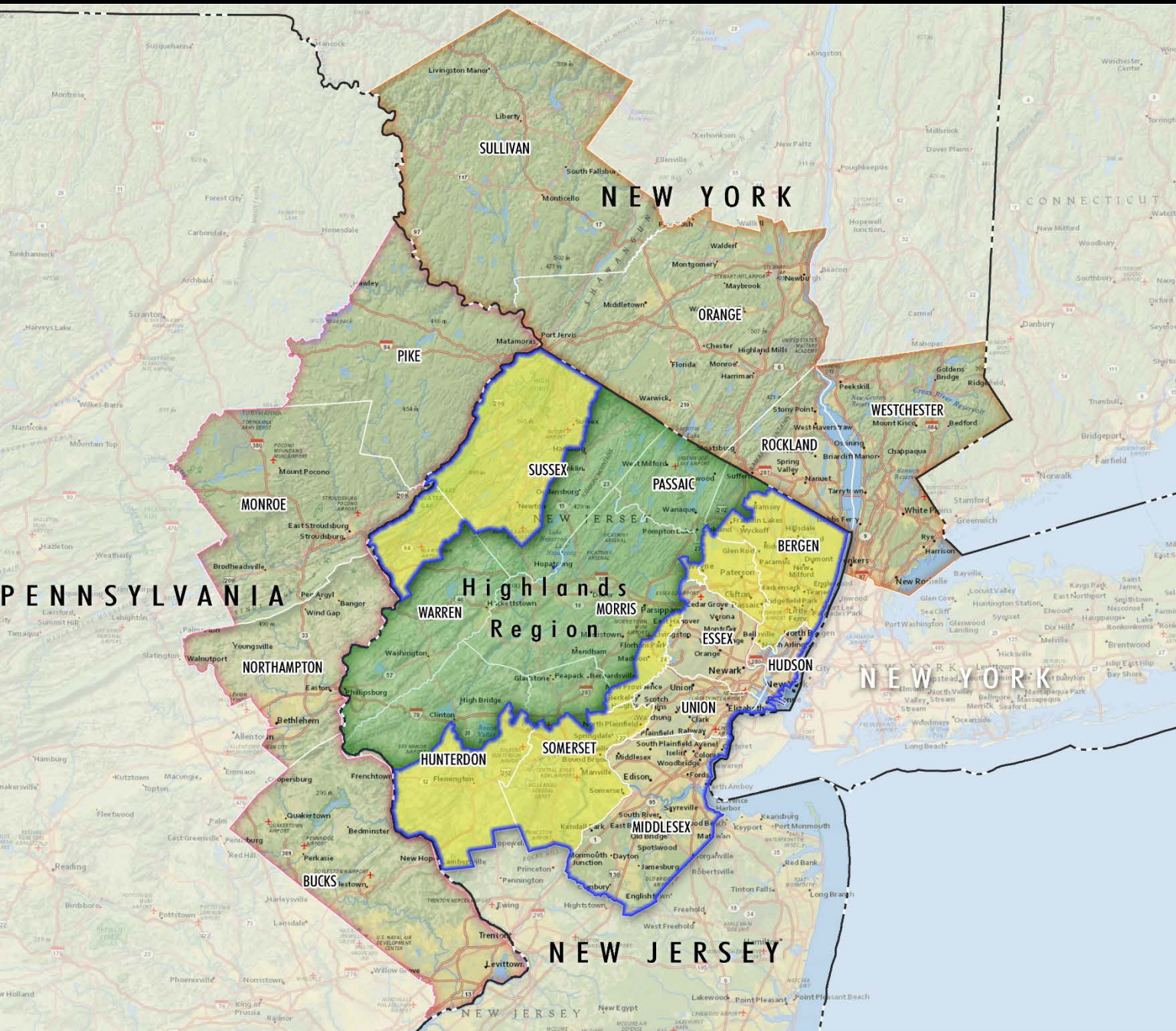
New Jersey Highlands Water Protection and Planning Council
October 20, 2016

AGENDA

- **Recap: Regional Economic Evaluation**
 - + Updated LEHD Data
- **Recap: Socioeconomic and Real Estate Analysis**
- **Recap: Fiscal and Financial Analysis**
- **Recommendations for the RMP Monitoring Program**

FISCAL IMPACT ASSESSMENT

- **Phase 1: Regional Economic Evaluation**
- **Phase 2: Demographic and Real Estate Analysis**
- **Phase 3: Fiscal and Financial Analysis**
- **Final Fiscal Impact Assessment Report**



 Highlands Region

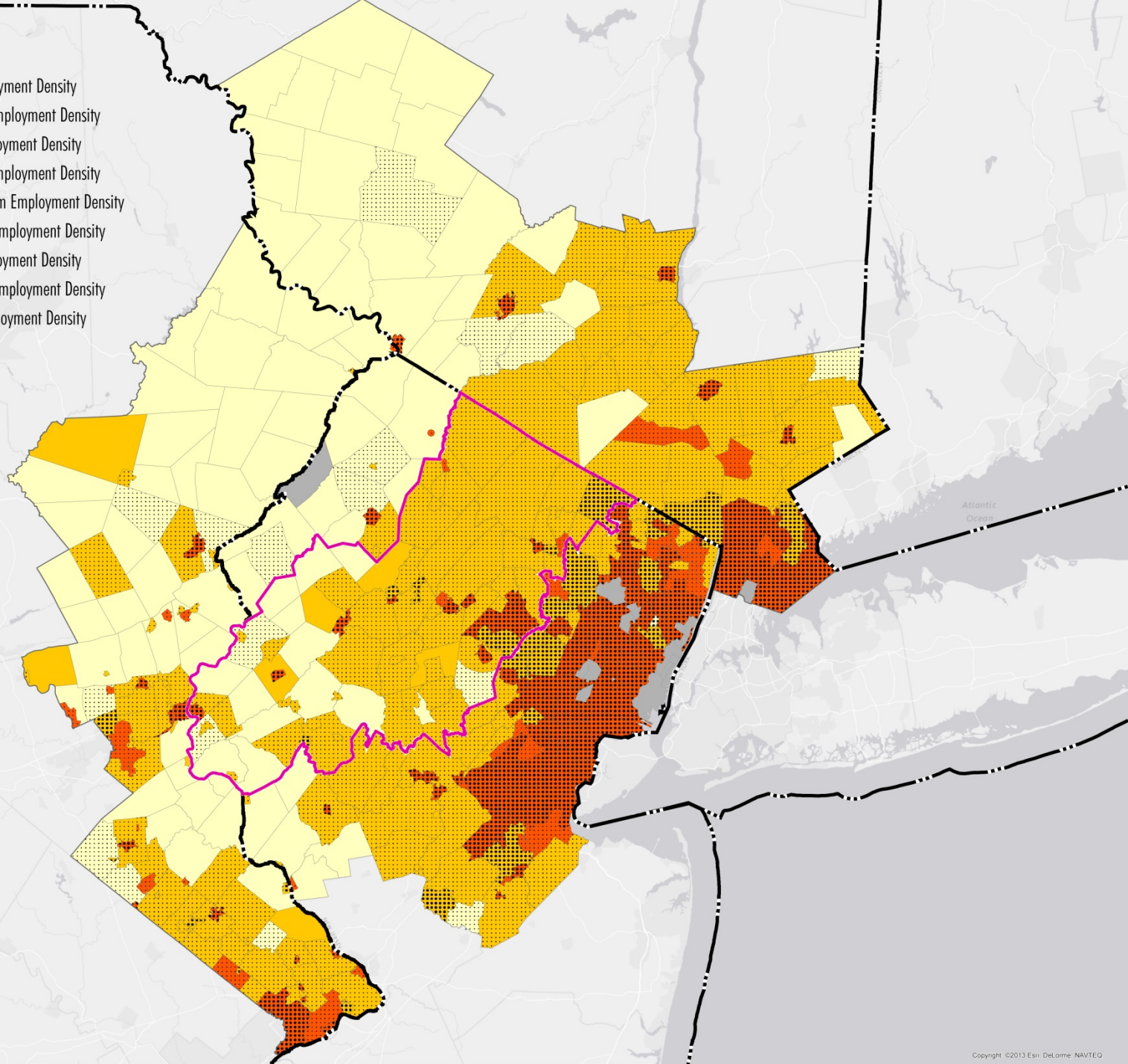
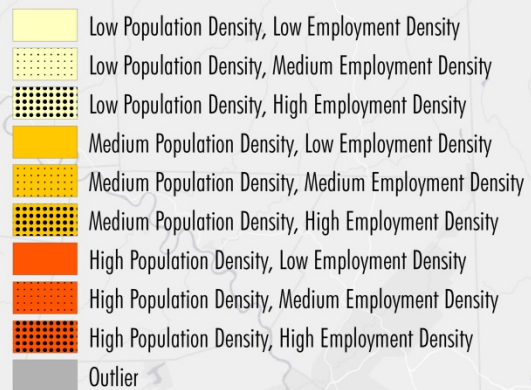
 Highlands County Municipalities not in the Highlands Region

 Northern New Jersey

 Adjacent Region in Pennsylvania

 Adjacent Region in New York

Municipal Classification



REGIONAL ECONOMIC EVALUATION

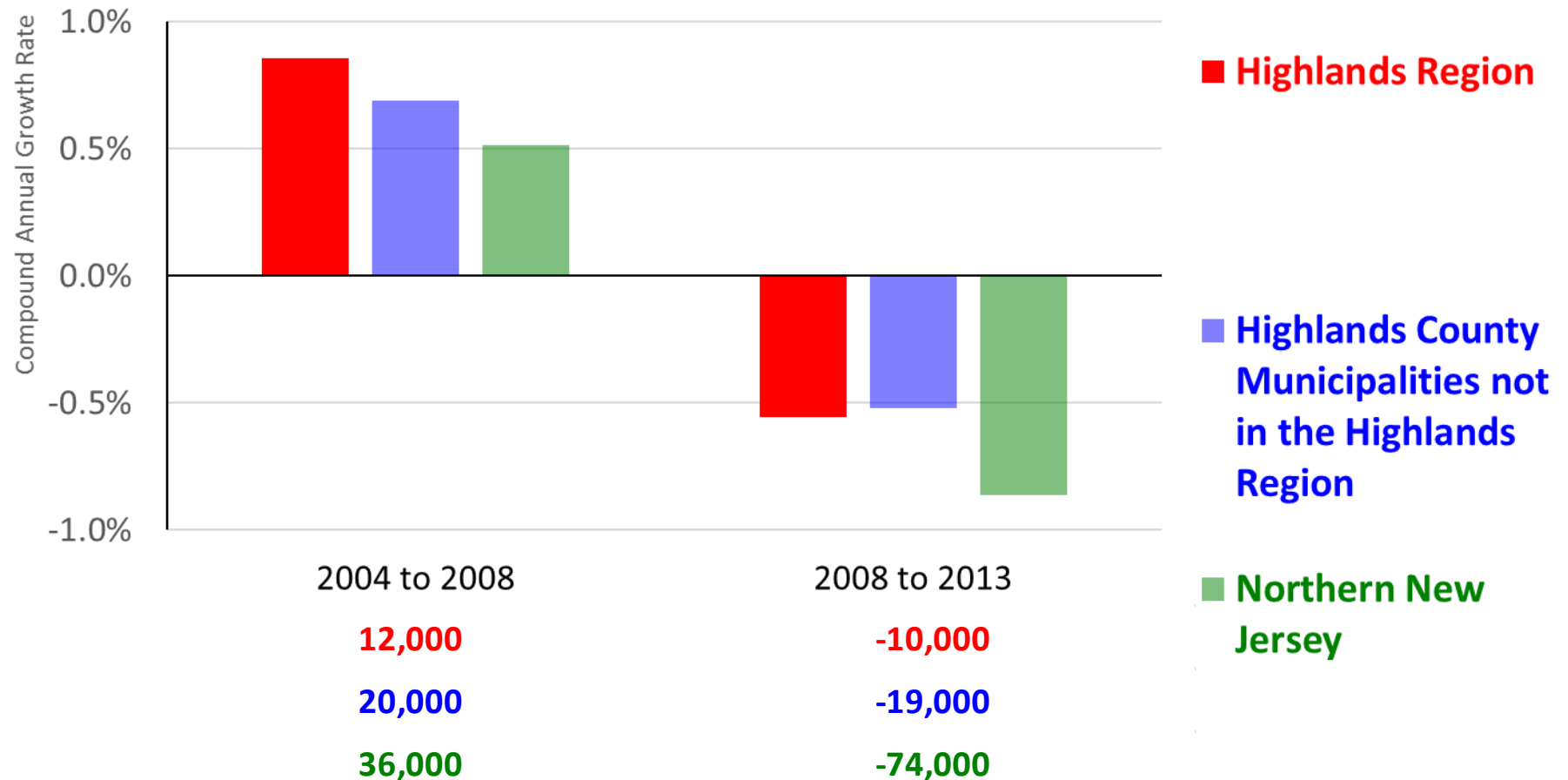
1. National Economic Context
2. New Jersey Regional Comparisons (QCEW)
3. Interstate Regional Comparisons (LEHD)
4. Findings

NEW JERSEY REGIONAL COMPARISONS

- **Uses data from the Quarterly Census of Employment and Wages**
- **Data represent the average monthly employment for 2004, 2008, and 2013**
- **Since the original presentation of the Phase 1 analysis, it has been modified to remove the data for Highlands Region municipalities from the Northern New Jersey comparison region as recommended by the Rutgers Peer Review**

NEW JERSEY REGIONAL COMPARISONS

Annual Rate of Change in Total Regional Employment



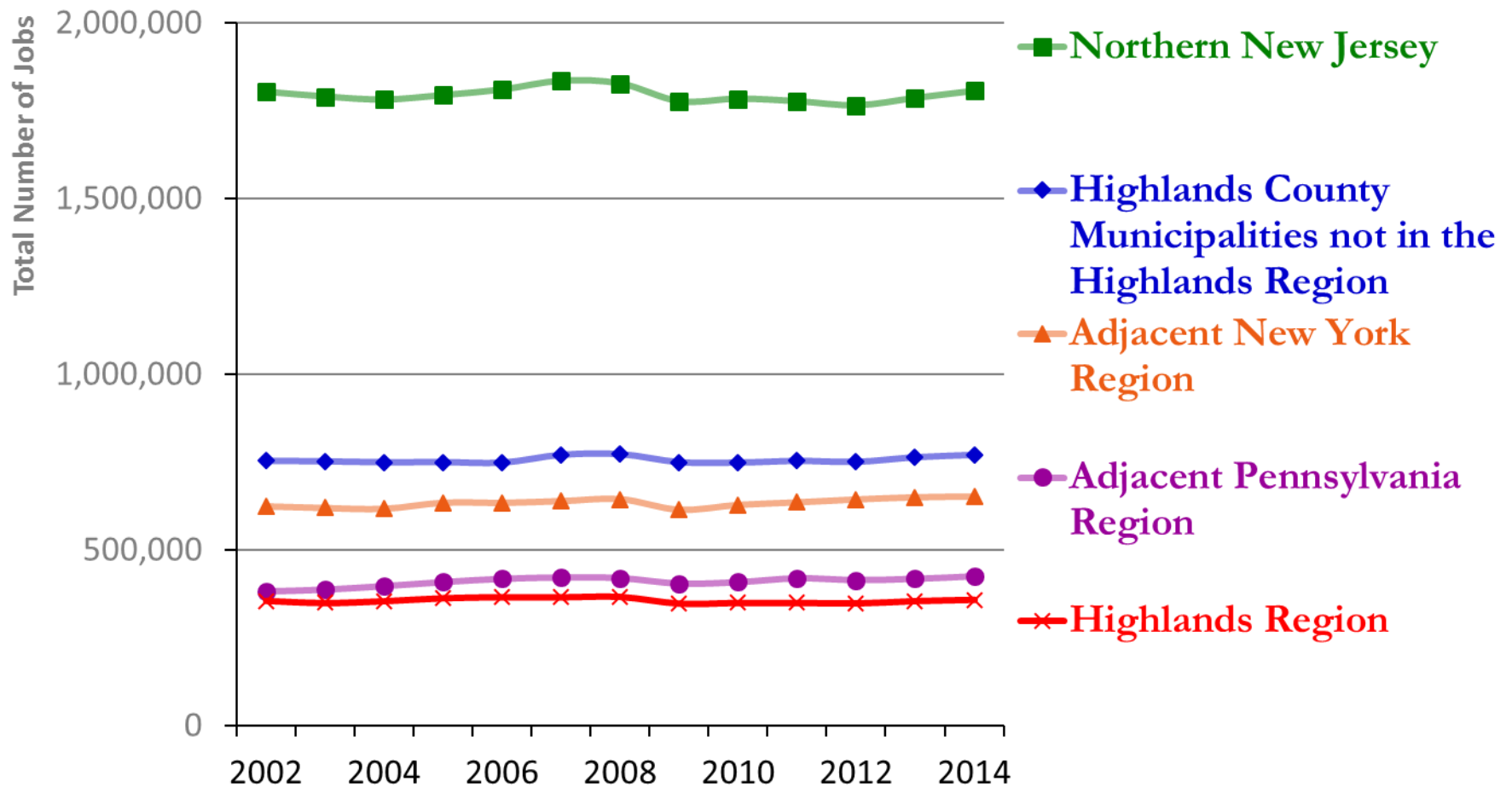
Note: Table data indicates total employment change over each time period.

INTERSTATE COMPARISONS

- **Uses data from the U.S. Census Bureau's Longitudinal Employer-Household Dynamics (LEHD) program**
- **Since the original presentation of the Phase 1 analysis, it has been updated to include employment data through 2014**
- **Since the original presentation of the Phase 1 analysis, it has been updated to remove the Highlands Region municipalities from the Northern New Jersey comparison region as recommended by the Rutgers Peer Review**

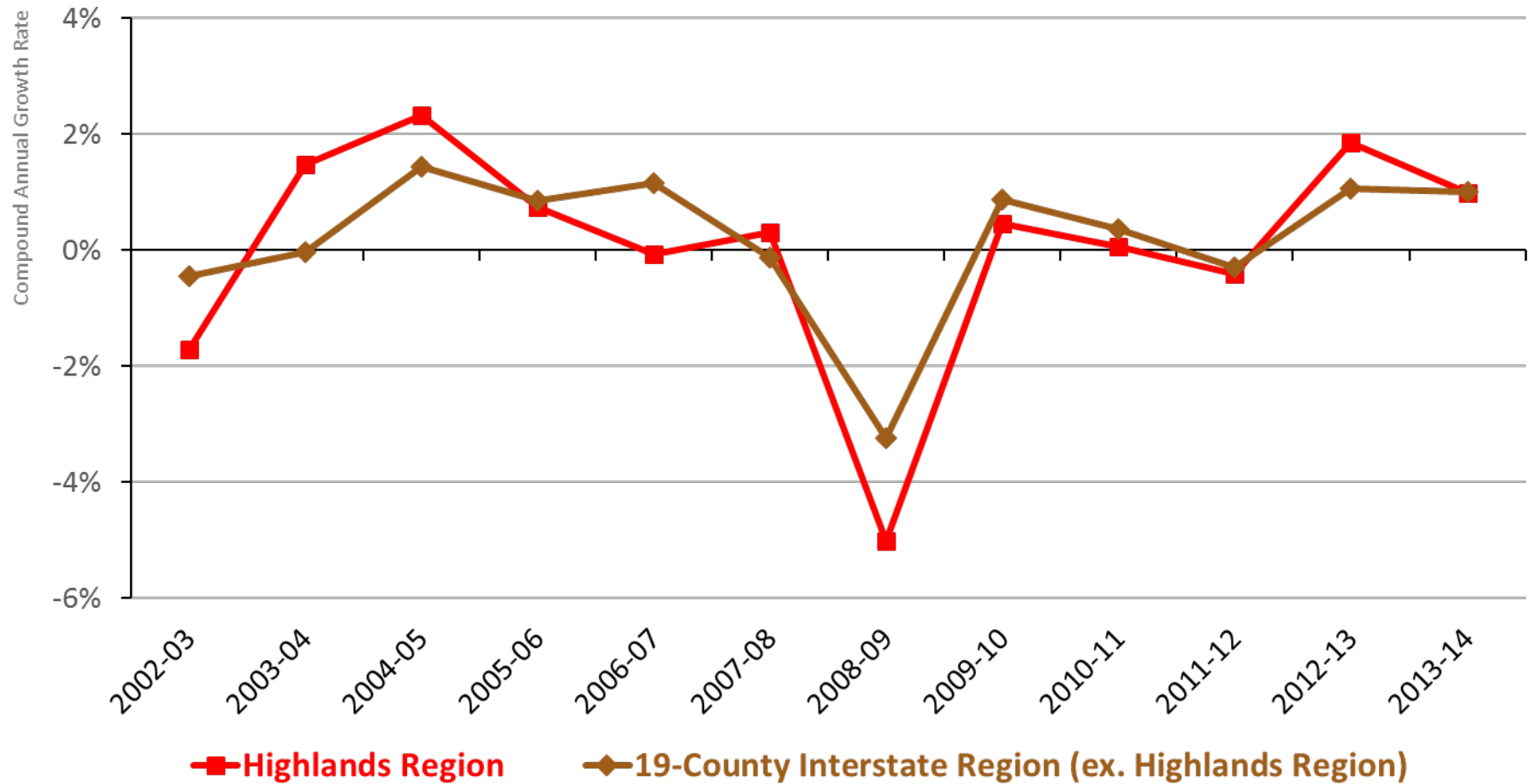
INTERSTATE COMPARISONS

Total Regional Employment



INTERSTATE COMPARISONS

Annual Rate of Change in Regional Employment



REGIONAL ECONOMIC ANALYSIS FINDINGS

New Jersey Comparison Regions (QCEW)

- **The Highlands Region had a higher annual rate of employment growth from 2004 to 2008 and was in between the two comparison regions from 2008 to 2013.**

Interstate Comparison Regions (LEHD)

- **The Highlands Region's rate of employment growth was in the middle of the pack from 2002 to 2004 and 2004 to 2008.**
- **From 2008 to 2014 the Highlands Region had lower employment performance than all the comparison regions.**

REGIONAL ECONOMIC ANALYSIS FINDINGS

Municipal Level Analysis

- With both QCEW and LEHD data, the average rate of change in employment among Highlands Region municipalities compared to similar municipalities in the comparison regions had no consistent trends relative to the adoption of the Act and approval of the RMP
- None of the differences between the average rates of employment change was statistically significant

REGIONAL ECONOMIC ANALYSIS FINDINGS

Potential Limitations

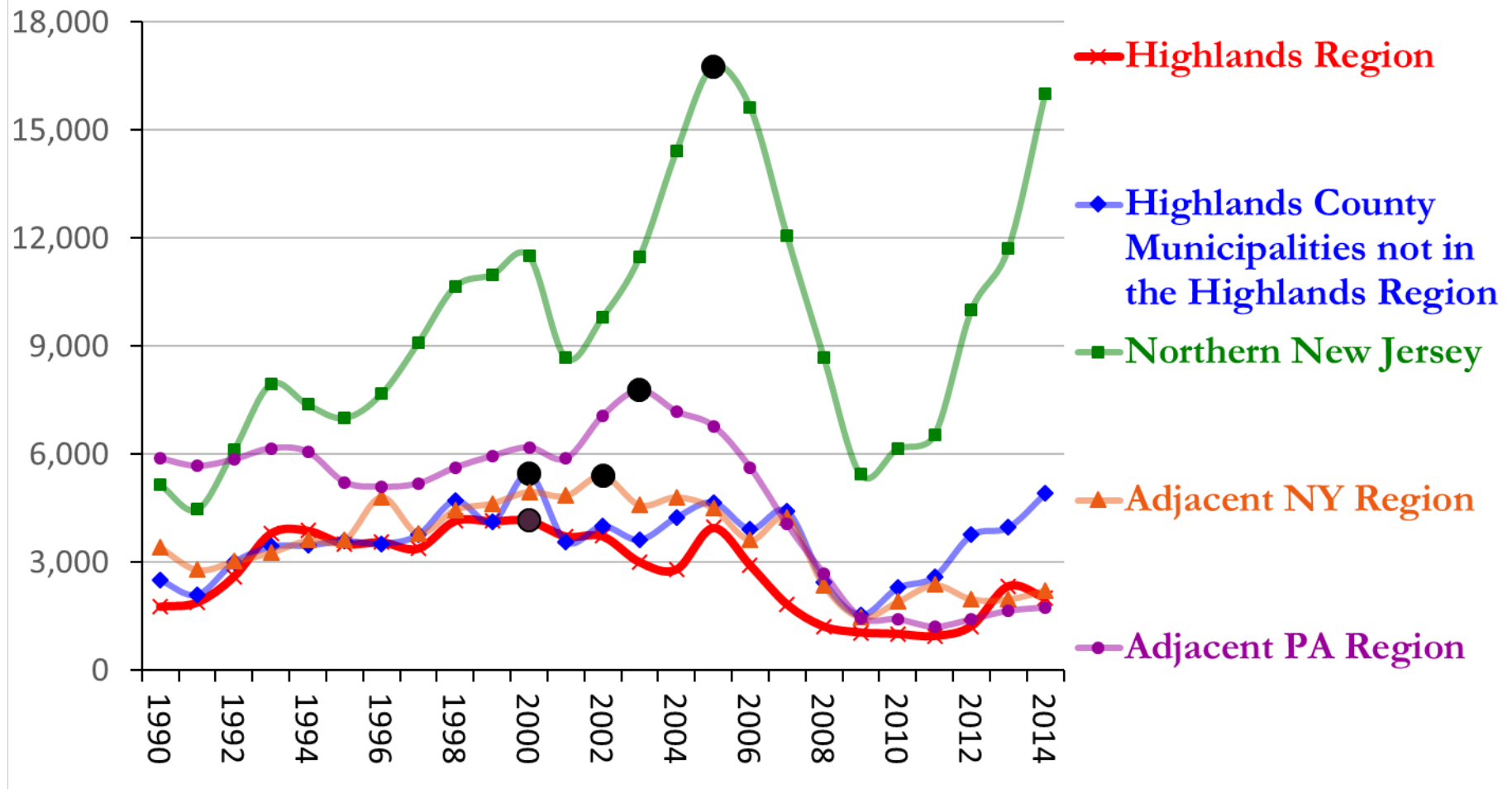
- The Act and the RMP may have had minimal affect on job growth since the recession because, in general, vacancies could accommodate job growth without the need for a substantial amount of new development
- In 2004, 89% of Highlands Region employment was in the Planning Area. At the time of this analysis 70% of Highlands Region employment was in Non-conforming Planning Area.

SOCIOECONOMIC AND REAL ESTATE ANALYSIS

- 1. Building Permits and Construction**
- 2. Demographics**
- 3. Real Estate Sales and Values**

BUILDING PERMITS AND CONSTRUCTION

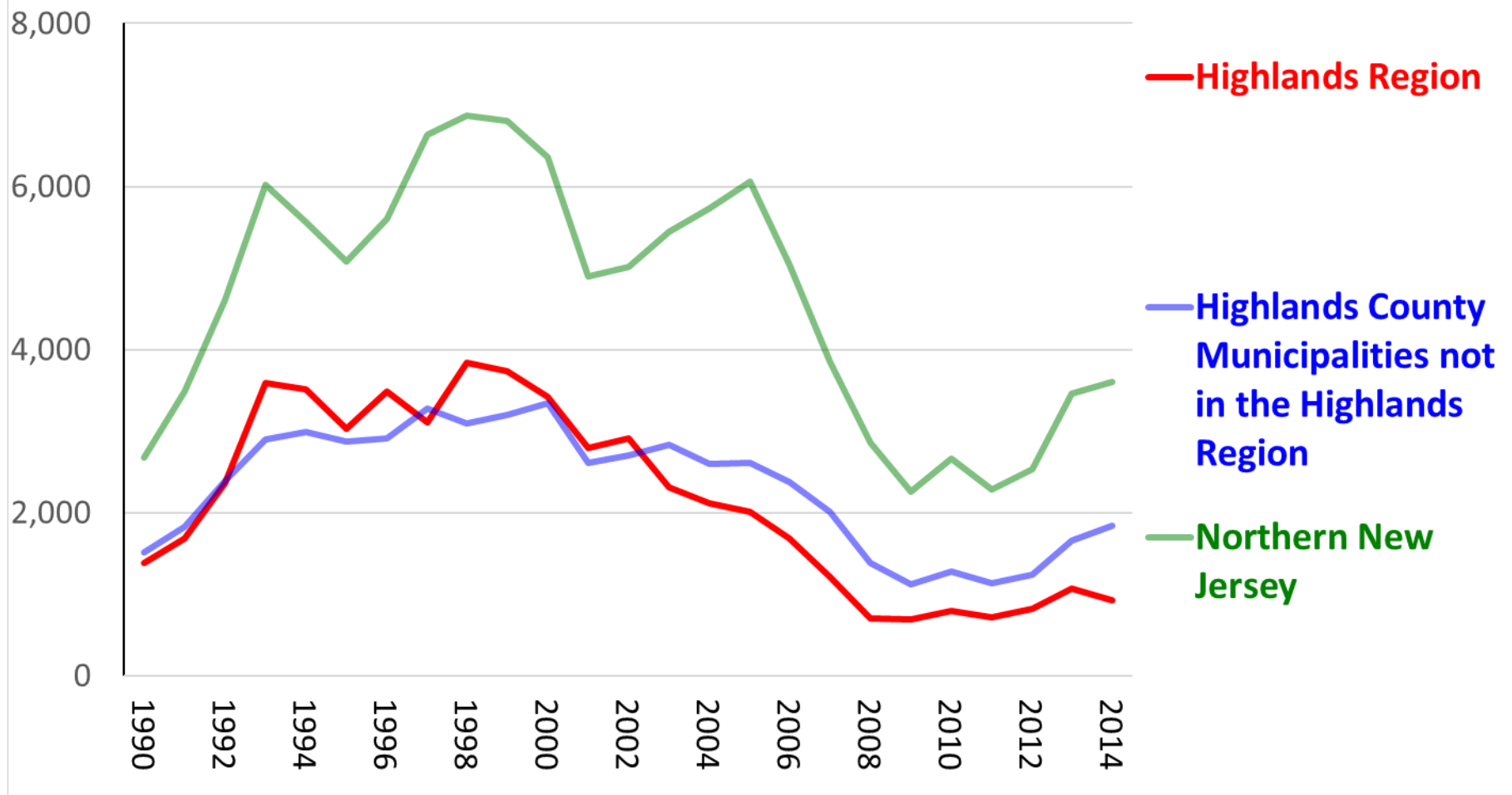
Number of Residential Units Authorized by Building Permits



Note: Black circle indicates year with most permits issued.

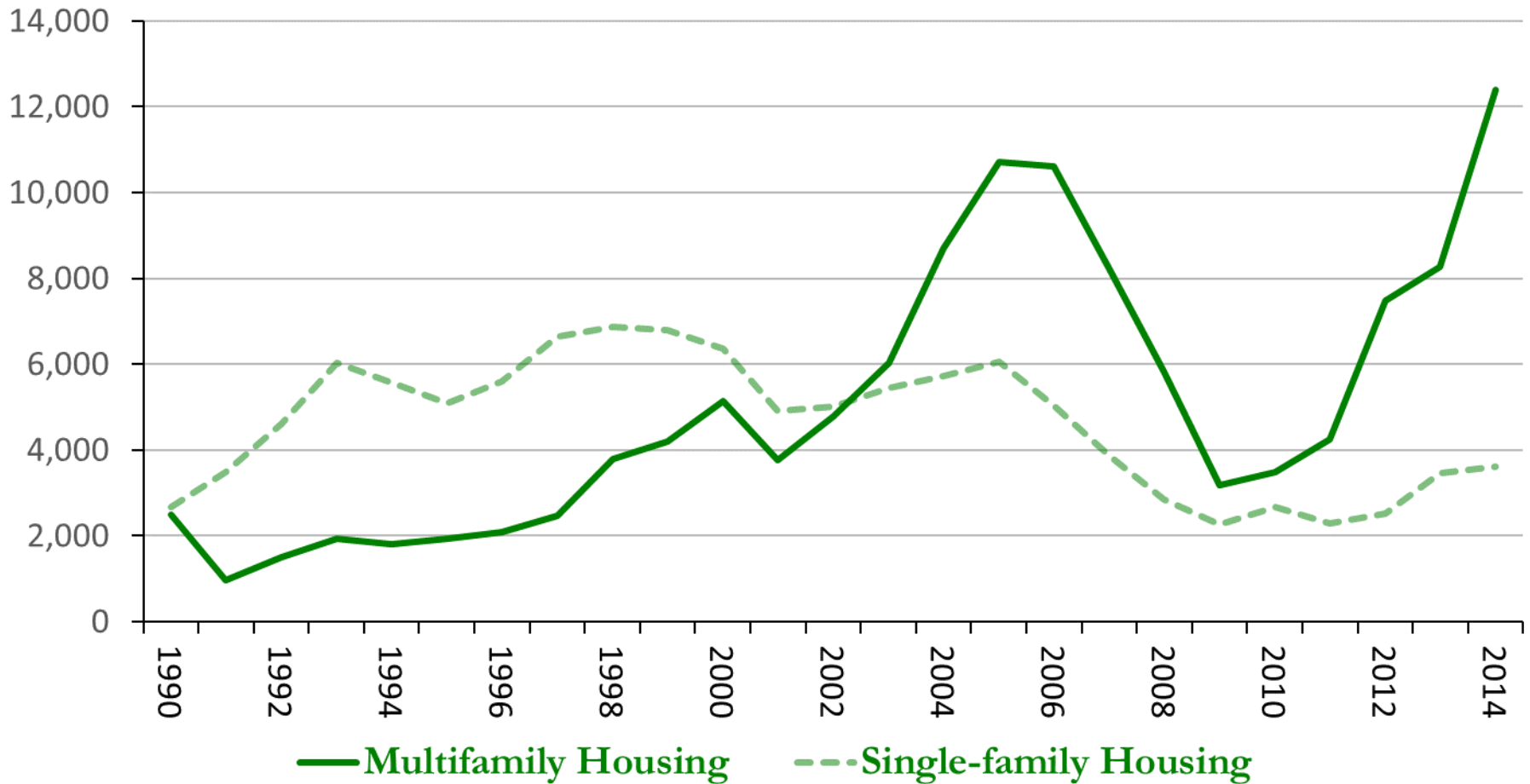
BUILDING PERMITS AND CONSTRUCTION

Number of Single-Family Residential Units Authorized by Building Permits



BUILDING PERMITS AND CONSTRUCTION

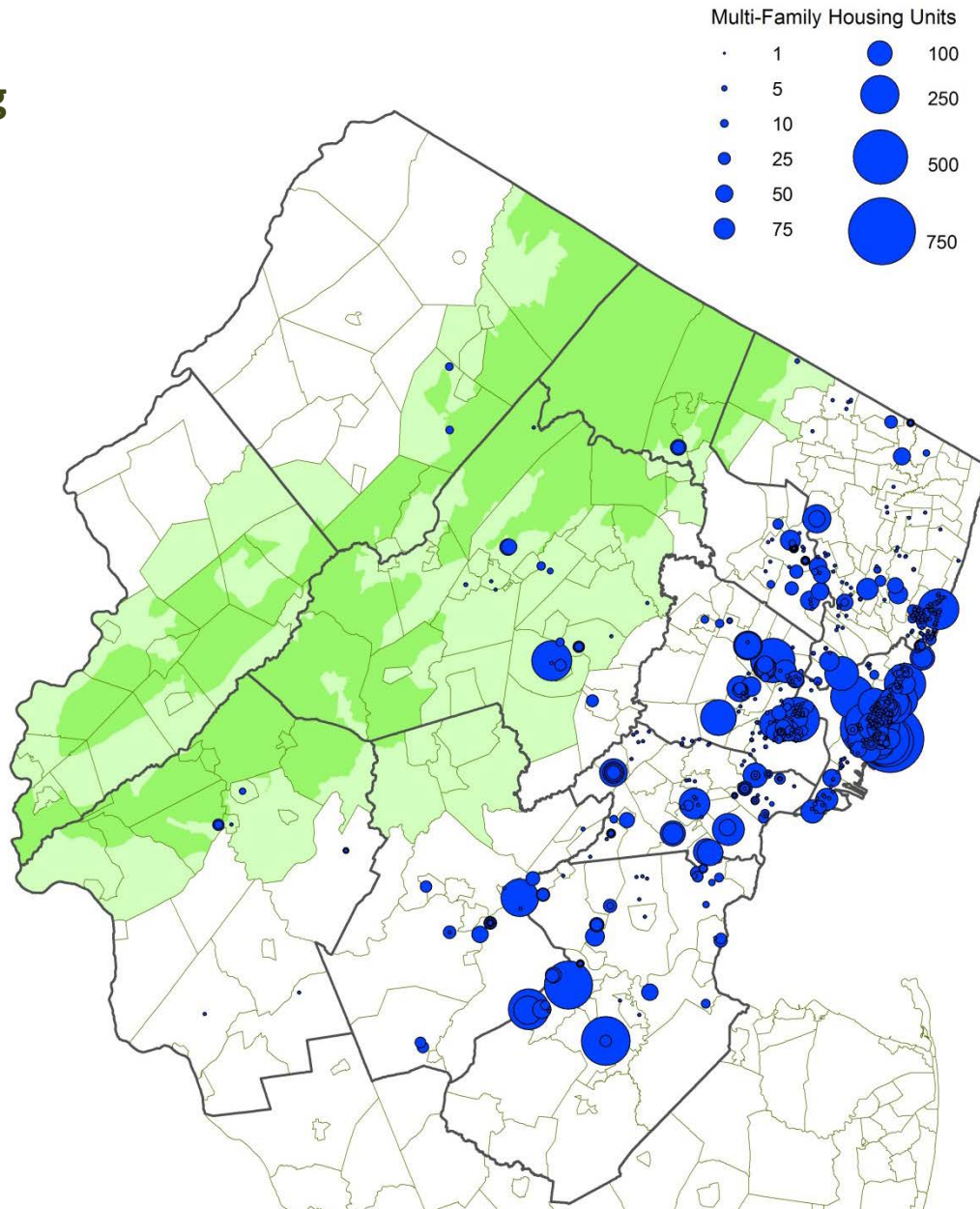
Number of Single-Family and Multifamily Residential Units Authorized by Building Permits



Note: Data cover the Northern New Jersey comparison region, which excludes the Highlands Region municipalities.

BUILDING PERMITS AND CONSTRUCTION

Permits for Multifamily Housing in Northern New Jersey, 2013 and Q1 2014



BUILDING PERMITS AND CONSTRUCTION

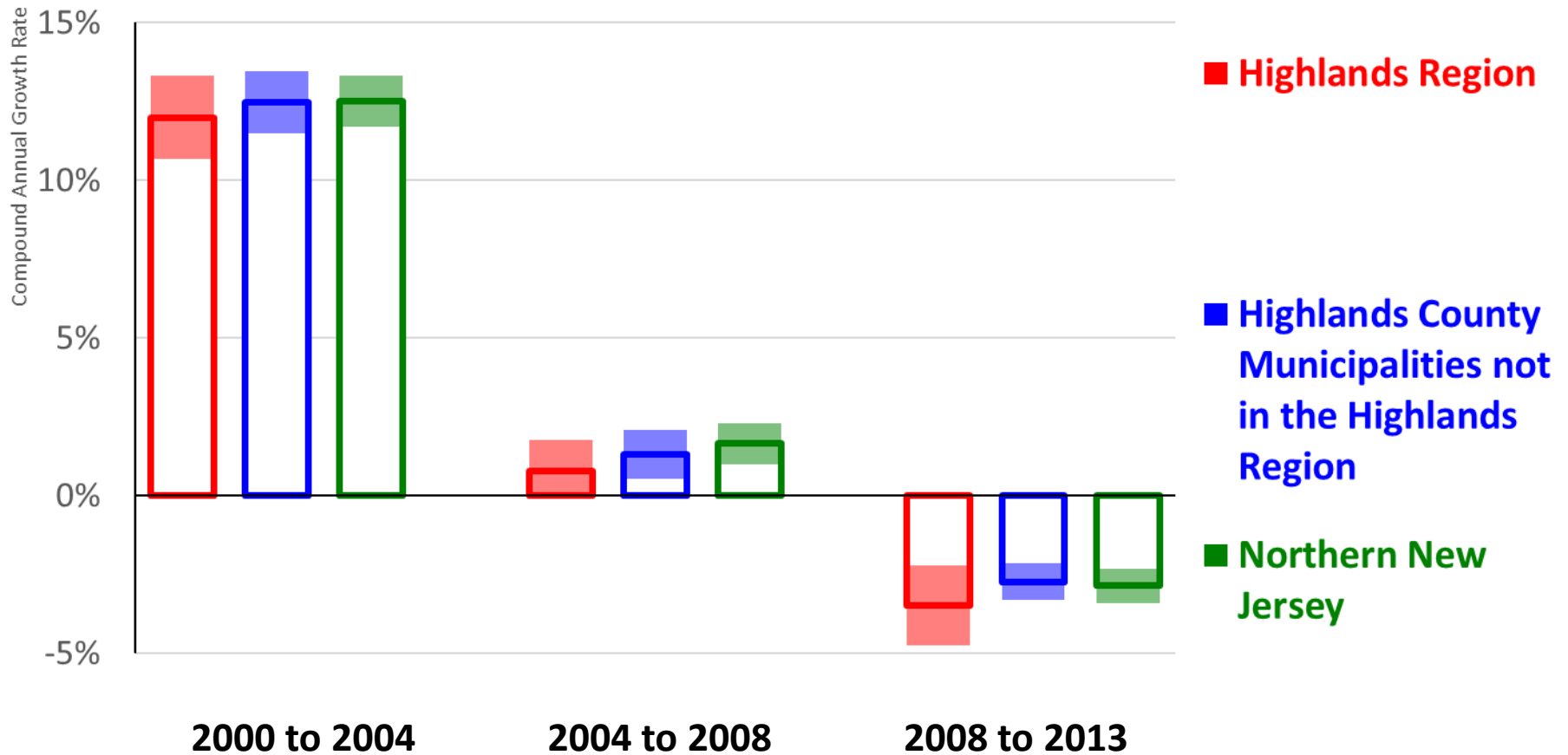
- The number of residential building permits issued in the Highlands Region has generally been declining since 1998.
- Across Northern New Jersey, the number of building permits issued for single-family housing has been declining since 1998.
- In Northern New Jersey, especially in the areas east of the Highlands Region, growth in housing construction has been in multifamily housing, which accounted for 75 percent of Northern New Jersey building permits in 2014.
- The Highlands Region is not benefitting from the regional market demand for multifamily housing.

DEMOGRAPHIC FINDINGS

- **The report analyzes a variety of other demographic characteristics:**
 - + Households: number, size, and type
 - + Population: number, age, race/ethnicity
 - + Other: education, income
- **Generally, the regions are following similar demographic trends.**
- **However, where the Highlands Region is different is:**
 - + It is getting older, faster
 - + There are fewer children
 - + Households are getting smaller

REAL ESTATE SALES AND VALUES

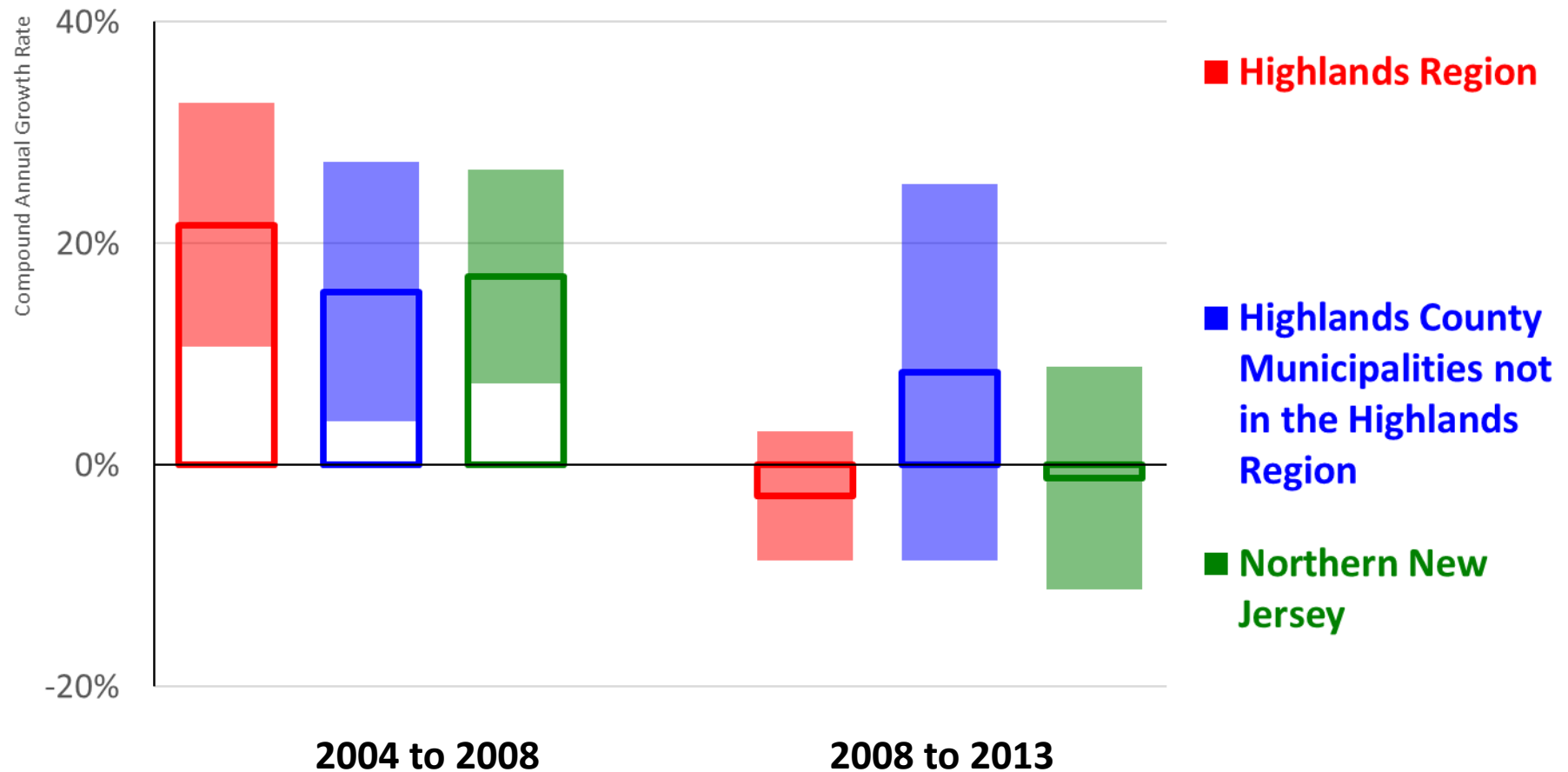
Average Annual Rate of Change in Average Sales Values of Single-Family Houses Among Municipalities



Note: Solid line represents mean; Shaded area represents the 95% confidence interval.

REAL ESTATE SALES AND VALUES

Average Annual Rate of Change Among Municipalities in Average Sales Price per Acre for Vacant Land (>0.15 acre)



Note: Solid line represents mean; Shaded area represents the 95% confidence interval.

REAL ESTATE SALES AND VALUES

- The analysis finds that there are not yet any statistically significant differences between the Highlands Region and the other comparison areas in New Jersey for average sales values for residential, commercial, industrial, farmland, and vacant property.
- However, the sales value per acre for vacant land is diverging between the Highlands Region and the two comparison regions in New Jersey. This could become a significant difference, and the Council should continue to track and monitor this issue.

LIMITATIONS

- **The FIA and future monitoring are limited by the lack of geographic detail in some data, especially assessing data and building permits, although new digital building permits data should be helpful going forward.**
- **The FIA was not scoped for a detailed hedonistic analysis of property values and sales costs. Future monitoring could incorporate such an approach if there is a strong desire for that level of detail.**

FISCAL AND FINANCIAL ANALYSIS

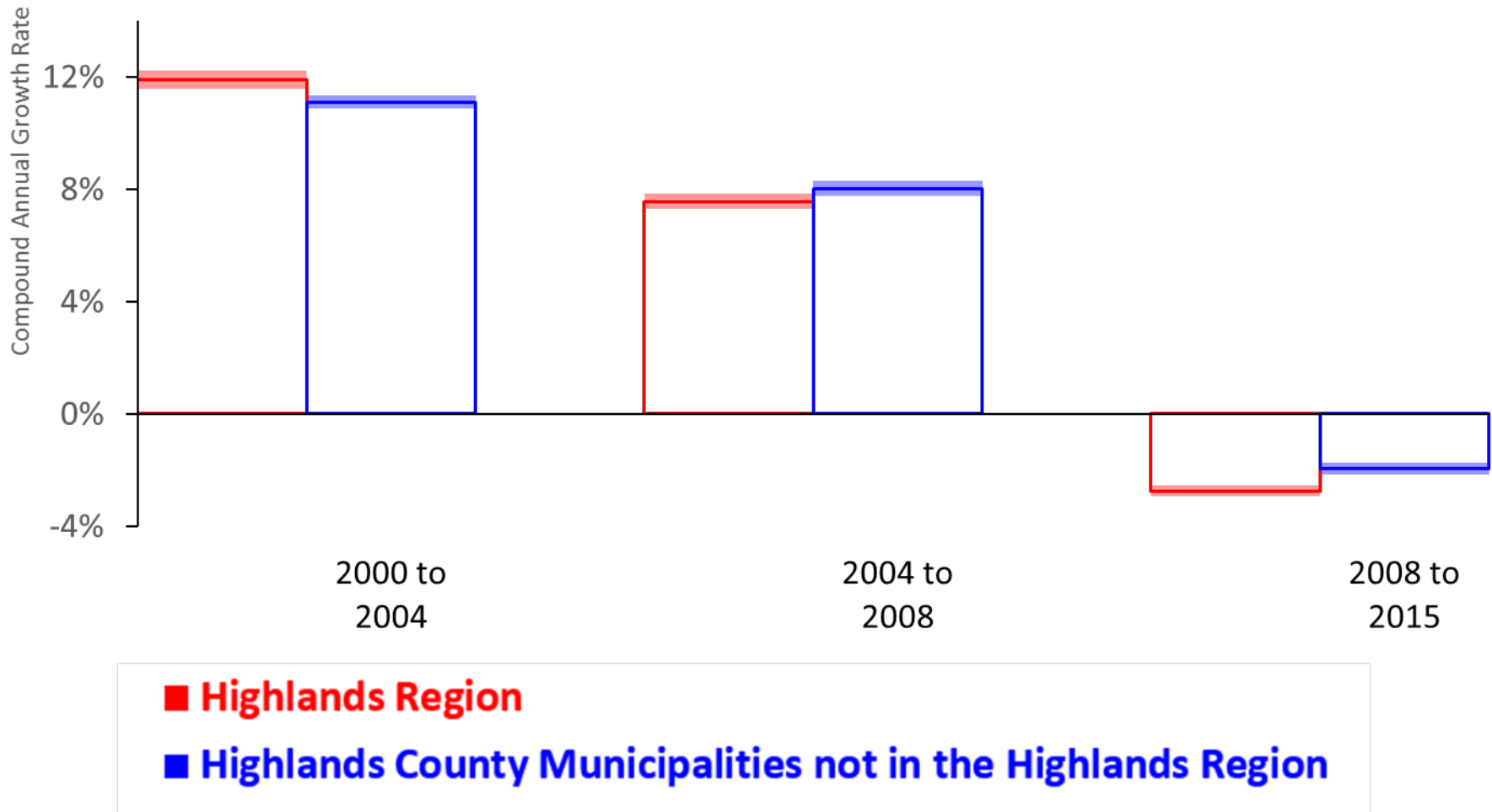
1. Equalized Value
2. Assessed Value
3. Property Tax Revenue

FISCAL ANALYSIS

- **Equalized Property Value**
 - + An estimate of total market value
- **Real Property Assessed Value**
 - + The basis for property taxes
- **Property Tax Revenue**
 - + The primary source of funds for locally-provided public facilities and services

EQUALIZED VALUE

Average Annual Rate of Change Among Municipalities in Equalized Value



Note: Solid line represents mean; Shaded area represents the 95% confidence interval.

EQUALIZED VALUE

Average Annual Rate of Change Among Municipalities in Equalized Value



Note: Solid line represents mean; Shaded area represents the 95% confidence interval.

EQUALIZED VALUE

2000–2004 The analysis finds the Highlands Region had

- **No statistically significant difference with the two comparison regions**

2004–2008 The analysis finds the Highlands Region had

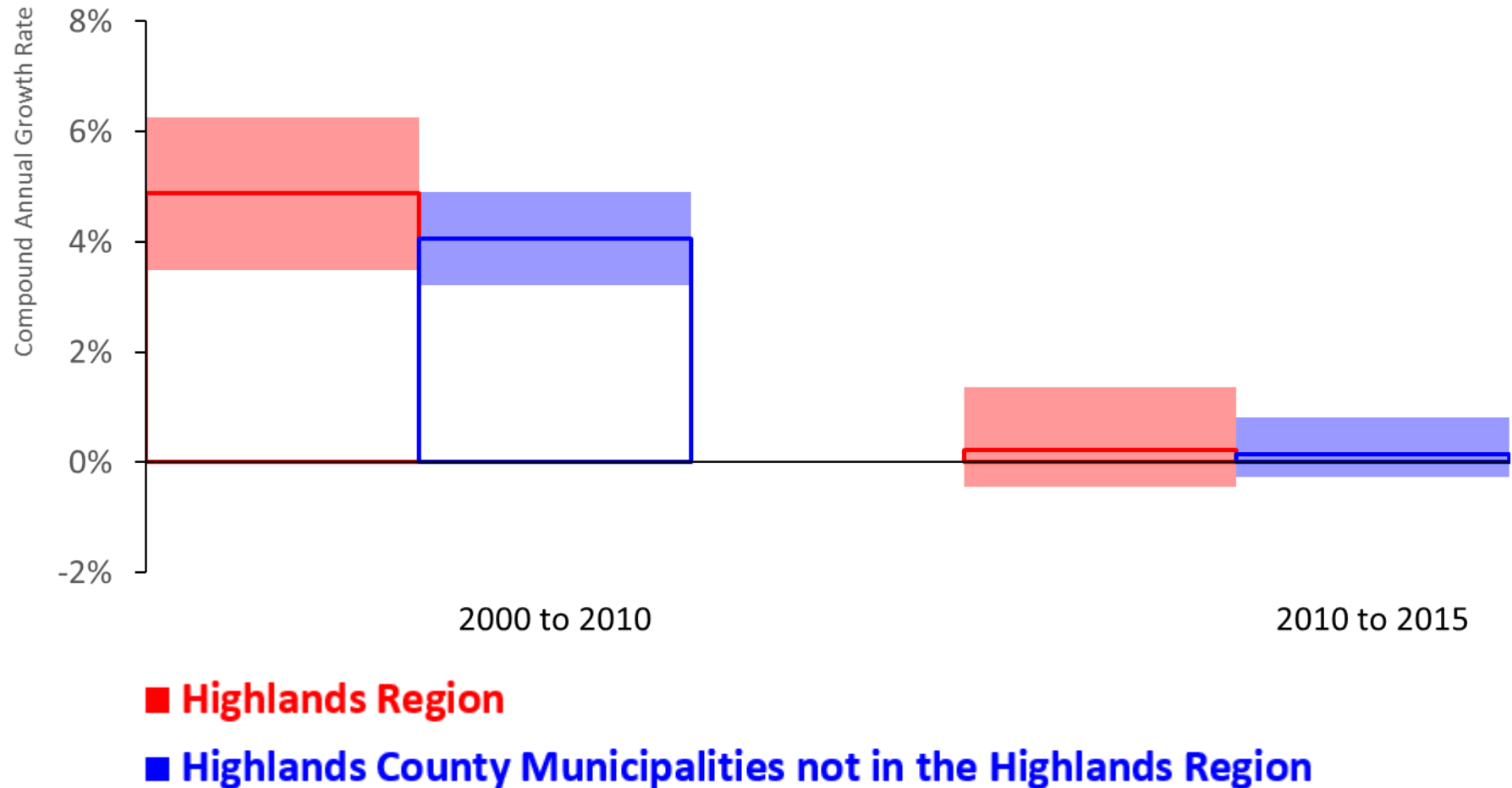
- **No statistically significant difference with the Highlands county municipalities not in the Highlands Region**
- **A statistically significant lower growth rate than Northern New Jersey**

2008–2015 The analysis finds the Highlands Region had:

- **A statistically significant lower rate of growth than the two comparison regions**

PROPERTY TAX REVENUES

Average Annual Rate of Change in Among Municipalities in Property Tax Revenues



Note: Solid line represents mean; Shaded area represents the 95% confidence interval.

PROPERTY TAX REVENUES

- **2000–2010 and 2010–2015** The analysis finds that the Highlands Region municipalities had no statistically significant difference in the rate of change in property tax revenues than the two comparison regions.

LIMITATIONS

- **The FIA considered municipal revenues but not municipal expenditures, primarily due to a lack for detailed and consistent data. New budget formats should make expenditure analysis easier in the future.**
- **The analysis of assessed valuation was limited by a lack of detailed information on reassessments and revaluations. Ongoing monitoring of these could improve future studies of assessed value.**

RMP MONITORING PROGRAM RECOMMENDED INDICATORS

RMP MONITORING PROGRAM- RECOMMENDED INDICATORS

Regional Economic Evaluation

- **Changes in total employment**
- **Construction employment**
- **Other key sectors, such as tourism, pharmaceuticals, and agriculture**

RMP MONITORING PROGRAM- RECOMMENDED INDICATORS

Socioeconomic and Real Estate Analysis

- **Building permits and construction completions, especially the balance between single-family housing and multifamily**
- **Demographic shifts, especially those related to housing demand—median age, seniors, children, and household size**
- **Housing sales values**
- **Vacant land sales values**

Real Estate and Financial Analysis

- **Equalized Property Values**