

## **Technical Assistance for Sustainable Communities: Building Blocks**

### **Technical Assistance Tool: Fiscal and Economic Health**

Byram, New Jersey – May 17-18, 2012

To: Joseph Sabatini  
Town Manager, Town of Byram

From: Bill Fulton and Roger Millar, Smart Growth America

Date: July 13, 2012

Re: Suggested Next Steps for Byram

### **Background**

In signing the Memorandum of Understanding for our technical assistance award with Byram, Smart Growth America committed to delivering a final report summarizing the workshop on fiscal and economic health and recommending specific strategies based on the needs and opportunities identified by participants there. Both the May 17 and 18 presentations were well attended by community leaders, including Town Council members, Planning Board members, staff, property and business owners, and other interested members of the community

The workshop presented in Byram, “Fiscal and Economic Health,” provides an overview of the fiscal and economic development impacts of different development patterns, focusing on the differences between sprawling patterns and more compact “smart growth” patterns. The May 17 workshop presentation placed the town’s planning efforts – especially the Village Center plan – in the larger context of the changing housing market and changing patterns of economic growth. At the subsequent May 18 workshop, the Smart Growth America team worked with participants to identify barriers and issues that might be impeding the town’s ability to implement the Village Center vision. The intent of the workshop was not for Smart Growth America to create a plan nor to bind the community to any particular course of action, but rather to facilitate a discussion within the community about how to implement its vision.

### **Purpose of this Memo**

The workshop was designed as a place to begin discussing Byram’s economic development needs and the ways that smart growth strategies could be used by the community to meet those needs and the goals contained in the 2002 Smart Growth Plan and the 2004-05 Township Master Plan. The information below is presented as a starting point for future conversations about growth and development goals in Byram. It can be used in whatever manner the town chooses in order to approach ongoing concerns about future growth and change in the community.

## Smart growth and fiscal and economic health

Communities around the nation are always concerned about their fiscal and economic health. By *fiscal* health, we mean a local government's bottom line: Does the life-cycle cost of new development – upfront infrastructure, ongoing service provision and eventual repair and maintenance – cost more to the town than it produces in tax revenue? By *economic* health, we mean the general economic well-being of the community: How does new growth and development add to or detract from the creation of jobs, wealth, retail sales, etc.

In approaching these questions in Byram and elsewhere, it is important to bear three trends in mind:

### ***1. Our nation's demographics are changing in a way that is profoundly affecting the housing market.***

Demographic trends are moving the housing market away from traditional suburban housing. The two biggest demographic groups in the nation – retiring Baby Boomers and so-called Millennials (18-30-year-olds) are both expressing a strong preference for a more walkable urban/village lifestyle. Indeed, a large percentage of Millennials prefer to live without cars altogether. The vast majority of net new households being formed have no children at home, and most of them are one- and two-person households – which are much more likely to prefer a walking lifestyle.

### ***2. The formula for economic growth is changing***

Business growth used to be driven by large corporations that operated in a fashion that was both insular and linear. New research breakthroughs occurred in sealed research laboratories controlled by the companies. Manufacturing and other business processes occurred in assembly-line situations. These conditions led to cities and communities that featured large, sealed-off campuses (such as New Jersey's many corporate business parks) and tended to be linear in their arrangements.

Today, business growth is driven by collaboration among many types of entities – private companies, research institutions, universities, and others – that must interact frequently and work together creatively. To be successful, this model requires cities and communities that encourage interaction and collaboration – the opposite of the traditional paradigm described above.

### ***3. Suburban development patterns are making it more difficult for local governments to balance their budgets.***

Suburban development patterns require extensive investments in capital infrastructure and ongoing costs to provide services. Low-density development requires more infrastructure to serve fewer people and requires service providers such as firefighters and school buses to travel farther. More compact development patterns reduce both up-front infrastructure costs and life-cycle operating costs.

Not all of these trends will be completely relevant in every situation. But it is important to bear all three in mind in considering the fiscal and economic health of any community.

## Local Concerns

Byram has traditionally thrived as a semi-rural location amidst many lakes – an excellent setting for vacation homes and for commuters with jobs farther east in New Jersey. Byram is located within the Highland Regional Master Plan Area. This plan is intended to protect, preserve and enhance precious water resources, open space and the wealth of unique natural resources within the Highlands Region; to prohibit or limit to the maximum extent possible construction or development which is incompatible with such preservation; and to encourage, consistent with the State Development and Redevelopment Plan, appropriate, development, redevelopment and economic growth. The Highlands Plan has significantly constrained the ability of Byram to develop in a traditional suburban pattern. In addition, large landholdings by both public agencies and private individuals would make such development unlikely in any event.

Several actions have converged to create particular smart growth opportunities in Byram. The town was the first municipality to obtain a designated Highlands Center under the Highlands Plan. The expansion of Route 206, the main highway through Byram, will create more highway capacity and reduce congestion, but could also create a more pedestrian-oriented environment that would facilitate new, smart growth development in the designated “Village Center Zone” along Route 206. In particular, the town has designated a 60-acre property on the corner of Route 206 and County Road 607, across from Byram’s leading shopping center, as the “Village Center Zone”. Although the municipality had won smart growth awards for these ideas and local property owners are cooperative, several issues affecting the town’s ability to further progress were identified at the workshop. These were:

### **1. Sewer constraints**

Byram has reserved wastewater conveyance and treatment capacity in the regional sewage treatment plan for the Village Center Zone project, most especially for the affordable housing units that will be required by the state when housing is constructed on the site. However, using this capacity for other projects in the Village Center area – or finding ways to obtain additional capacity from Stanhope Township or other sources – is complicated and difficult for a variety of reasons, making it less likely that developers will pursue opportunities in the Village Center area without assistance from the town.

### **2. Water constraints**

Potential development in the Village Center Zone is also complicated by the need to obtain water as well. Byram does not have a municipal water utility, and thus properties in Byram are supplied with water by off or on-site wells or private water entities. Wells may be feasible but are expensive to provide. Existing service is too far away, and the amount of water demand generated by the new development not large enough, to attract the interest of existing water purveyors.

### **3. Links to “active transportation”**

”Active transportation” is a term used to describe walking, biking, and other forms of non-motorized transportation that involve physical exercise. Byram is blessed with an outstanding multimodal trail system, as well as a variety of recreation and heritage resources and destinations. The value of this system would be greatly enhanced if it connected the Village Center and Village Center Zone locations with existing neighborhoods, schools, recreational lakes and heritage sites such as Waterloo Village.

### **4. Market for and programming of the Village Center Zone**

The overall vision for the Village Center Zone is an award-winning concept. But the town, the landowner, and/or a developer still must prepare a specific development program for the site, including the amount of commercial square footage, the number and type of housing units (including state-mandated affordable housing), the amount of parking, and other components of the project. In order to create a development program that can be financed and be successful in the marketplace an assessment must be done of the market for housing and commercial development in the Village Center Zone, as well as the financial impact of the affordable housing requirement on that project.

### **5. Links to regional economic development efforts**

The market for development in the Village Center corridor is closely tied to the overall prosperity of the region surrounding the Byram area. The goal of the Village Center corridor – and the Village Center plan – is to bring more housing choices as well as office and retail activity to the corridor. For these activities to be economically successful, there must be enough prosperity in the surrounding region to support them.

Most Byram residents commute to work, often over lengthy distances, outside of the community. The region around Byram – including nearby towns and Sussex, Morris, and Warren counties – has engaged in many economic development efforts designed to generate both jobs and tax revenue. The nearby International Trade Center is a potentially enormous economic generator, though the recent departure of BASF’s North American headquarters has left 1 million square feet of office space vacant and in need to “re-tooling” to be competitive in the new economic development paradigm.

## **Action Steps**

With these five issues in mind, workshop participants discussed possible action steps that might be taken by the township or the community at large in order to overcome barriers and facilitate the desired development in the Village Center Zone. A consistent theme was the question of whether the township should maintain its current role as passive facilitator of development or, rather, should take a more pro-active approach to remove barriers, even if such an effort requires investment of additional time and money.

The first course of action minimizes the township's financial obligations but could delay development until market conditions are much better. The second course of action could "set the table" for development and lower the cost for developers, thus increasingly the likelihood of development soon, but could require a financial commitment that would be difficult for the township to bear.

### **1. Possible sewer action steps**

Byram is dependent on regional sewage treatment facilities and on negotiation with Stanhope to make additional sewage capacity is available. The township does have capacity reserved in the regional treatment plant for the Village Center Zone and wishes to maintain this reservation for the affordable housing that would be required by the state if the zone property is developed. More wastewater capacity could be obtained from the Township of Stanhope, but Stanhope would expect full cost recovery, which could be cost-prohibitive to the Township and possibly to a developer as well.

Workshop participants discussed at length whether other options are available. Among the possible actions that emerged were the following:

- Conduct an analysis to determine whether actual usage in Byram is less than presumed usage, even accounting for seasonal flows. This might free up capacity to accommodate additional development.
- Determine whether it would be possible to pay to upgrade the system as a way to gain additional capacity.

All agreed that it would be difficult for the Township to bear the cost of these analyses, much less the actual improvements themselves. However, the participants agreed that if the town and interested property owners worked together, they could pay for the studies and perhaps work together to pay for at least part of the actual improvements. Landowners also agreed that working together with the township to identify grant funding would be a desirable goal as well.

### **2. Possible water action steps**

Though not as complicated as the wastewater issue, the water issue has also been a stumbling block. As stated above, Byram has no municipal water system and private water companies, such as American Water, are unlikely to extend their services to the Village Center because even at buildout the area might not provide enough demand to justify the cost.

The maximum capacity permitted for wells could provide enough water for the Village Center Zone itself, but it does not permit development of the entire Village Center Zone or the possible expansion of the shopping center across from the Village Center Zone property across Route 607 from the Village Center Zone property.

As with the sewer issue, the water issue raises the question of whether the Township should be proactive or reactive. A proactive approach would suggest that the Township examine the possibility of creating a municipal water system. Again, even the cost of a studying might be a burden on the Township but by working cooperatively with property owners interested in developing Village Center properties funding for such an analysis could become available.

### **3. *Possible Active Transportation Action Steps***

There is considerable potential for Byram to use active transportation to make the Village Center Zone more desirable and regionally competitive and also to make the entire township more attractive to both residents and tourists.

Although Byram currently has an impressive network of trails, the overall network is spotty. Neighborhoods are cut off from each other and the Lackawanna Cutoff provides an enormous barrier throughout the town. Yet better trail connections represent a low-cost solution to better connectivity. Simply by better connecting the Mansfield bike trail to the Village Center area – and by connecting the overall trail system to other local attractions, such as Waterloo Village – the Township could greatly enhance connectivity for residents, increase recreational opportunities for tourists, and open up new commercial opportunities in the Village Center.

The Township should aggressively pursue federal funds and other funds for Safe Routes To Schools, complete streets, and other “transportation enhancements” to create better trail linkages.

### **4. *Possible Village Center marketing and programming steps***

Although the Village Center concept contained in the Master Plan has been widely heralded, most potential developers would require far more information about the market and the possible development program before moving forward. Either the Township or the Village Center landowners could expedite the development process by learning more about both the possible market and the potential developers for this area.

On the market side, it is agreed that the Village Center Zone itself would probably be a multi-story mixed-use project containing housing as well as retail/restaurant/commercial. In order to interest developers in the property, market analysis should be conducted to determine what the market is – or is likely to be in the future – for this type of housing. In addition, market analysis is required to determine what type of commercial development is likely to be successful. This market analysis would assist the town and the landowners in creating a development “program” for the property. In addition, market analysis would help determine whether a non-commercial gathering place – which has been discussed as a possible part of the project – would make it more attractive to a developer.

In the past the Township has pursued grants and assistance from organizations like the Project for Public Spaces regarding this type of analysis. In addition, universities in the region might also be able to provide graduate students to help assist with such an analysis. The Township should pursue these options aggressively as the desired development is more likely to occur sooner if the Byram is pro-active.

## **5. Possible Regional Economic Development action steps**

Byram is part of a larger regional economy that plays an important role in the town's prosperity, which in turn shapes demand for new development in Byram itself. Byram is and most likely will remain a bedroom community. For many decades, the township has provided a high-quality suburban and semi-rural lifestyle option for people who work elsewhere. The development of the Village Center could provide local residents – or new residents – with a more walkable village-style option for both housing and everyday commercial activities. Such an option could be important in retaining Byram's talented young adults, who otherwise might seek such lifestyle options elsewhere.

Thus, even though it is a bedroom community, Byram must redouble its efforts to participate in regional economic development efforts that will increase the number of quality jobs in the three-county region. The township and its businesses should not seek to compete with surrounding townships and counties, but, rather, support regional efforts, especially to ensure the success of the International Trade Center, which is located on Byram's border. More quality jobs in the immediate vicinity will mean more local workers seeking new types of housing choices and more executives and managers living in Byram seeking village-style shopping and dining opportunities.

### **Conclusion**

The Village Center plan holds the potential to transform a key portion of Byram's developed area in an important way – by providing new shopping and restaurant opportunities to local residents, by providing more housing opportunities to local residents and employees, by providing better connections to neighborhoods and recreational opportunities, and by increasing and diversifying Byram's tax base. However, taking advantage of this opportunity will require difficult choices on the part of the township and the community at large. If the township continues to play the role of willing facilitator, it could be a long time before private landowners and developers are able to take advantage of these new opportunities. If, on the other hand, the township works aggressively and in concert with landowners, developers, and other important players in Byram, it might be possible to stimulate development that takes advantage of this new opportunity sooner rather than later.