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NJ Senator Leonard Lance (left) visited the NAIOP offices in October to discuss industry concerns with NAIOP-NJ CEO Mike McGuinness and Public Affairs Consultant Mark Smith. On November 4, Lance was elected to the US House of Representatives where he will represent New Jersey's 7th District.

## Keep NJ Working: Prescription for Prosperity Update

### Incentive Bills Advance In Trenton

**BEIP (Business Employment Incentive Program):** A-2997/S-2114: The Business Employment Incentive Program reform initiative revises certain eligibility requirements and employment incentive limitations, and provides for a five-year extension of certain grant agreements to encourage job

creation in certain urban areas. It also removes all statutory caps on salaries and job growth numbers so as to qualify more businesses to receive a BEIP grant in designated urban areas.

**Status:** On November 13, S-2114 was released from the Senate

Economic Growth Committee with an amendment to allow for tax credits to extend to projects that overlap into non-eligible towns. A-2997 was released from the Assembly Commerce Committee on October 6 and must be posted in the Assembly Appropriations Committee.

**BRRAG (Business Retention and Relocation Assistance Grant):** A-3294/S-2213: The Business Retention and Relocation Assistance Act Grant program is designed to prevent jobs from being relocated out of state. This reform measure would basically eliminate the trigger of company relocation within New Jersey to qualify the firm for a grant of up to \$4500 per job retained, payable in the form of a tax credit against the firm's corporate business tax liability. Businesses would have to

demonstrate a high risk of leaving the state before they could qualify.

**Status:** On November 13, A-3294 was reported from the Assembly Appropriations Committee as a Substitute, and is on Second Reading. The substitute legislation calls for grants of \$3,000 per job over two years, up to \$500,000 per company (170 jobs).

**Revenue Allocation Districts:** S-2299 amends the Revenue Allocation District (RAD) Financing Act to make it easier to

take advantage of this underutilized tool. The measure: broadens the revenue sources (parking and utility sales taxes, etc.) available to repay bonds issued to pay for improvements associated with development projects; and streamlines the procedures for the approval and implementation of a RAD.

**Status:** S-2299 was held until November 24 when the Senate Economic Growth Committee will take action.

## NAIOP Testifies On Licensed Site Professionals Proposals

Streamlining state permit reviews to speed up the delivery of jobs to our communities is a top priority for NAIOP. Toward that end, on November 13, NAIOP testified before the Senate Environment Committee on legislation to establish a Licensed Site Professionals (LSP) program in New Jersey.

NAIOP praised Senator Bob Smith for taking the lead in sponsoring legislation to streamline state permit reviews for the contaminated sites and brownfields that are so key to the rebirth and health of our older communities and urban areas. We also acknowledged the effort that DEP, under the leadership of Assistant Commissioner Irene Kropp, has made in reaching out to stakeholders and sweating the details of drafting a proposal. Our comments were on the DEP's proposal for a substitute bill for S-1897, known as the Site Remediation Reform and Licensed Site Professional Act.

Conversations with our colleagues in Massachusetts have convinced us that the LSP program, if implemented carefully, will help turn the tide in getting many of the fallow and contaminated sites in our cities cleaned up and back in

business as job sites for area residents.

NAIOP told the Committee the proposed legislation should ideally focus just on creating the process for setting up a LSP program without addressing tangential issues such as new site remediation surcharges and other obstacles to redevelopment. These changes would increase the cost of cleanups and make the program less effective. Issues relating to finality, etc., may be more effectively dealt with in a different bill. NAIOP shared the following concerns:

- LSPs, not DEP, should be empowered to issue the No Further Action (NFA) letters.
- Legislation should include very clear time frames for audits, because they have the potential to fracture financing and insurance.
- Anyone who cleans up a site should have liability protection.
- The DEP should recognize "out of state" experience when qualifying potential LSPs.
- The independent Licensing Board should be comprised of a super majority of professional consultants (LSPs) as opposed to public

members who have limited knowledge of the subject.

- The "Covenant not to Sue" provision should be left intact since it provides non-responsible parties and innocent purchasers with a level of comfort and incentivizes them to voluntarily clean up sites.
- The proposed guarantee fund and 5% surcharge is a costly new tax on redevelopment and should be eliminated. At a minimum, these monies should be constitutionally dedicated and the 5% should only be applied to the implementation of the remedial action, i.e., cap, and not construction and investigation costs.
- We support section 23 that empowers DEP to issue permits to monitor the performance of control measures that are used on previously contaminated sites.

Up until such time that the LSP program is operational, DEP should use term contract consultants to help eat into the backlog of cases. NAIOP believes that any extra time needed to get the program up and running is worthwhile. DEP could also issue emergency rules to temporarily license "LSPs" under a voluntary program.

## New Tool Available For Members

In addition to the Prescription for Prosperity issues brief (available at [www.njnaiop.org](http://www.njnaiop.org)), we now have a Member Q&A Background and Key Messages piece available. Created in a very accessible and user-friendly format, the Member Q&A is designed to help you answer questions about our industry and our advocacy efforts from the media, colleagues and co-workers. For a copy, please contact Barbara Morford ([morford@njnaiop.org](mailto:morford@njnaiop.org)).

### Action In Trenton

**DCA Proposes Huge Fee Hikes To Keep Staff Employed:** The Department of Community Affairs is proposing a 26-percent increase in fees related to construction code enforcement, lead hazard evaluation and abatement certification, and planned real estate development.

The DCA's rationale for these enormous fee hikes is to "provide the funds needed to ensure that needed services will be maintained despite any temporary fall-off in the volume of new construction." In other words, while the need for DCA services may plunge during this economic crisis, those who are building are expected to pay more just to keep idle staff employed.

According to one NAIOP member's actual project estimates, the fees would increase 28.6% as follows:

**Completed 1,263,434 sf building**  
Fees paid \$661,240  
Fees proposed \$850,479  
Difference \$189,239

**Proposed 1,579,077 sf building**  
Fees under current regs \$826,315  
Fees proposed \$1,062,832  
Difference \$236,517

At a time when economists say NJ private-sector job losses, which have totaled 18,700 so far this year, could exceed 263,000 before the economy starts to turn around, it is astonishing that the state would increase fees such as this in order to maintain their staffing levels.

For a copy of the proposal, please contact Barbara Morford

([morford@njnaiop.org](mailto:morford@njnaiop.org)). NAIOP will submit comments to the DCA, and individual members are encouraged to submit their own comments by December 19, 2008 to:

Michael L. Ticktin, Esq.  
Chief, Legislative Analysis  
Dept. of Community Affairs  
PO Box 802  
Trenton, New Jersey 08625-0802

#### **COAH: No Highlands Development That Does Not Include Affordable Housing:**

COAH has issued a sweeping order that would prevent 72 towns in the Highlands from approving any major development that does not include affordable housing. Under the "scarce resource restraint" order, which takes effect immediately, the only projects that will receive local approvals, and water & wastewater permits, are residential developments that include at least 20 percent affordable housing.

The order does not apply to any development that is already exempted from the 2004 Highlands Act, but could affect commercial development that has not already received local approvals or certain permits. Sixteen towns in the Highlands would not be affected by COAH's order because they have not met the council's requirements for certification.

"The point of it is to ensure that there's sufficient land, water and sewer to meet the affordable housing obligations in the Highlands region," said COAH

Executive Director Lucy Vandenberg. Towns with projects that don't include affordable housing may appeal to COAH for an exception but must show they can still meet their affordable housing obligation if the project is built.

Vandenberg said the order simply implements an executive order on the Highlands signed by Governor Corzine in September. In his directive, Corzine called on the Highlands Council and COAH to find "reasonable opportunities" for affordable housing. It was unclear how this led to such extreme action by COAH.

#### **Lesniak Proposes Affordable Housing Funding Alternatives:**

Sen. Raymond Lesniak, a co-sponsor of the COAH reform legislation (A-500) signed by Governor Corzine in July, is calling for changes that he believes would provide additional revenue, hasten construction and put tradespeople to work during the economic downturn.

Lesniak wants the Legislature and the Governor to give the state Housing and Mortgage Finance Agency the power to borrow money to invest in affordable housing, and raise income limits to make more middle-income workers eligible for affordable housing.

"Housing should be considered an infrastructure need with federal stimulus funds dedicated to provide the funds necessary to fill that need," he said. "We can create

many needed jobs now, renovating existing homes and building new affordable and work force housing."

Lesniak said a 2.5 percent fee on the value of new commercial construction to help finance affordable housing (the state had hoped initially to raise about \$163 million) will not be enough to cover the cost.

Governor Corzine wants to add at least 100,000 affordable houses and apartments over the next decade, but Lesniak argues that the economic downturn has hurt commercial construction and the expected fee revenue will not materialize.

The Senator said he went public with his proposals in response to an announcement by affordable housing activists, including the Housing and Community Development Council of New Jersey and the NAACP, that they plan to hold meetings statewide to educate the public about the new affordable housing standards and argue that they should not be changed.

Lesniak said he supports an effort by U.S. Rep. Steven P. Rothman to have the Democratic-controlled Congress provide aid designated for affordable housing as part of a new federal economic stimulus package.

**DEP Designates New Brownfield Development Areas (BDAs):** The Department of Environmental Protection has designated sections of Asbury Park, Belmar, Haddon Township and Sayreville as Brownfield Development Areas, enabling these municipalities to draw from the DEP's expertise and resources as they redevelop.

"By virtue of this designation, the BDAs in these communities are becoming the highest priority redevelopment areas in the state," Commissioner Lisa Jackson said in a release dated November 5. "The DEP will work closely with these municipalities, helping them achieve their vision of developing thriving communities that will produce tax revenues, jobs, and good homes, including affordable housing."

Asbury Park's redevelopment plan for its Springwood Avenue BDA calls for a gateway-style community that includes new businesses, a mix of residential units that include affordable housing, a public water park, a passive park and restaurants. The area is adjacent to the existing West Lake Avenue BDA in Neptune Township.

Belmar's redevelopment plan for its Seaport BDA calls for a mixed residential and commercial area

following fishing village, Main Street and town center motifs. Residential units will include senior citizen and affordable housing.

For Haddon Township's Towne Centre at Haddon BDA, the township plans to tap into the area's proximity to the PATCO Hi-Speedline as it develops the area into a mixed-use, transit-oriented development that will include town homes and loft and condominium units.

The Sayreville Economic and Redevelopment Agency plans to redevelop several parcels that make up the National Lead site along the Raritan River and the adjacent Horseshoe Road/Atlantic Resources Corp. Superfund site into a variety of uses, including residential, retail, office, a waterfront promenade and amphitheater, and community complex. The area is contaminated by past industrial activities.

For more information on brownfields and the Brownfield Development Area initiative, go to: <http://www.nj.gov/dep/srp/brownfields/>

## **Funds For The Future Needs Your Help**

Much of NJ-NAIOP's success is derived from strong partnerships with government officials. **Your voluntary contribution of just 68 cents per day** to our special advocacy fund, Funds for the Future, **will directly benefit you** through our proactive, results-oriented and award-winning public affairs program. You can help to ensure the continued growth and development of NJ-NAIOP's presence in Trenton by supporting our legislative advocacy program. **Be sure to include your Funds for the Future contribution when you renew your dues in November.**

# State Pay-to-Play Reform Reaches Redevelopers

By Rebecca Moll Freed, Esq., Genova, Burns & Vernoia

State redevelopment projects can transform distressed or underutilized areas into beautiful and functional communities. Effective November 15, 2008, these projects are subject to new “pay-to-play” restrictions under Governor Corzine’s Executive Order 118 (“EO 118”).

Under EO 118, a “business entity” wishing to enter and/or holding a post-November 14, 2008 redevelopment agreement with the State may not contribute more than \$300 to a:

- Gubernatorial or Lieutenant Governor candidate committee;
- State, County or Municipal political party committee;

- Legislative leadership committee; or
- Candidate committee of a candidate for State legislative, county or municipal elective office in the jurisdiction in which the redevelopment property is located.

EO 118 generally defines a “business entity” to include:

- The redeveloper;
- Any subsidiary or continuing political committee “directly or indirectly controlled” by the redeveloper; and
- The following persons associated with the redeveloper: Principals; Partners; Members; Officers; Shareholders; and the spouses, resident children and civil union

partners of any individual listed above.

EO 118 is more expansive than any other New Jersey state pay-to-play law. Under EO 118, the definition of “redeveloper” includes a business entity that performs professional, consulting or lobbying services in connection with the redevelopment project. Thus, under EO 118, a contribution by a redeveloper’s professional, consulting or lobbying firm(s) could jeopardize that redeveloper’s state redevelopment opportunities.

For more on EO 118 please visit the Corporate Political Activity Law Blog at: <http://www.corporatepoliticalactivitylaw.com/2008/09/25/new-pay-to-play-restrictions-on-the-way/>.

## Speak Up!



To locate and contact your legislators, please visit the official website of the New Jersey Legislature: <http://www.njleg.state.nj.us/members/legsearch.asp>. You can also search for bills and check the legislative calendar.

Whether you are speaking with a colleague, an elected official or the media, here are points to share about our industry:

There is no economic development without real estate development. The commercial real estate industry:

- Creates jobs and brings work places close to families.
- Contributes billions in local spending and infrastructure improvements, and increases the tax base.
- Cleans and reclaims blighted, disused and contaminated areas.
- Is the key to unlocking the huge potential for growth in our Port Regions
- Creates healthy and accessible work environments that meet tenants’ needs with green and sustainable technology and materials.
- Accounts for \$3.865 billion in direct spending for new office, industrial, warehouse and retail buildings (in billions of 2005 dollars).
- Supports 67,949 full-time-equivalent, year-round jobs in commercial buildings.
- Contributes \$45.3 billion in direct spending and \$95.1 billion in total output to the economy, generating \$28.9 billion in personal income.
- Logistics accounts for nearly \$50 billion or 10.9 percent of the total state GDP. Nearly one in every ten payroll jobs in New Jersey is directly in logistics (2006 average annual pay for all logistical jobs was \$59,034, 14.3 percent higher than the average for all jobs).

# All NAIOP Members Asked To Complete Legislative District Impact Survey

By taking this brief online survey, you can help NAIOP make the case for legislation that supports our industry: [http://www.surveymonkey.com/s.aspx?sm=SRJPgTBcIn7dYzVGn\\_2feMzw\\_3d\\_3d](http://www.surveymonkey.com/s.aspx?sm=SRJPgTBcIn7dYzVGn_2feMzw_3d_3d)

All members are asked to participate: this abbreviated survey contains questions about the positive economic impacts of your business, and is part of the larger **Legislative District Impact Profile (LDIP)** worksheet. This information will be kept confidential (used in the aggregate for each district). We will create profiles for each legislative district so that we can educate legislators on the many contributions made by commercial real estate, and show them the success stories and missed opportunities in their districts. This information will also enable us to support our lobbying efforts with real-life examples and jobs data.

You can print out a copy of the complete LDIP at [www.njnaio.org](http://www.njnaio.org). Completed profiles can be emailed to [morford@njnaio.org](mailto:morford@njnaio.org) or faxed to 732-729-9901. Follow-up calls will be conducted by our new intern, Matthew Ward.

## Association News



## NAIOP Forms Task Force To Study, Respond To Ambitious Energy Plan

In October, Governor Corzine released the New Jersey Energy Master Plan, “a blueprint for the Garden State’s clean energy future”. The plan establishes aggressive targets for energy efficiency improvements and cogeneration, and calls for strong building codes, appliance and equipment efficiency standards. The stated goals are:

### **Secure, Safe, and Reasonably Priced Energy Supplies and Services:**

To provide safe, secure, reasonably priced energy supplies and services to New Jersey’s commercial, industrial, transportation, and residential customers, while reducing dependence on traditional fossil fuels and fossil fuel generation, decreasing electric and natural gas transmission congestion, utilizing efficiency and renewable resources to supplement the State’s energy resources, proactively planning for in-state electricity generation retirements, and reducing the demand for energy.

### **Economic Growth and Development**

To encourage and maintain economic growth prospects for the State by recognizing and fostering the multiple functions of energy in the economy—as an integral part of producing and transporting goods and services; as a means of attracting business to the state with reliable, reasonably-priced energy; and as a potential driver of new areas of economic activity.

### **Environmental Protection and Impact:**

To promote the achievement of Federal and State environmental requirements and objectives in an effective and low-cost manner and, where possible, provide market-based incentives to achieve those goals. These policies should be coordinated with the State’s environment, economic, and redevelopment plans to protect and enhance environmental quality, conserve natural resources, and improve the quality of life in New Jersey.

**Main Goal:** Reduce projected energy use by 20% by 2020 and meet 20% of the State’s electricity needs with Class 1 renewable energy sources by 2020. The combination of energy efficiency, conservation, and renewable energy resources, should allow New Jersey to meet any future increase in demand without increasing its reliance on non-renewable resources.

The NJ Chapter is forming a Task Force to review the proposals and targets contained in the plan, and determine the best way for our industry to respond. Because the plan will be implemented on many levels (legislative, regulatory and code changes), we are working to put together a diverse group. We anticipate holding our first meeting in New Brunswick before the end of November. Members interested in joining the Task Force should contact Barbara Morford ([morford@njnaio.org](mailto:morford@njnaio.org) or 732-729-9900).

## Tenant Retention Is Topic of December 2 Seminar



Commercial and industrial landlords want to keep their buildings filled and their vacancy rates low. In this down economy, tenants may be more demanding and the competition is likely to be more fierce than ever.

Join us on Wednesday, December 3 for an in-depth discussion on “Tenant Retention in Trying Times” at the Eisenhower Corporate Campus in Livingston, New Jersey. Registration, continental breakfast and networking begin at 7:30 AM. The program begins at 8:15 AM.

Bob Palestri, a Partner with The Property Institute, will moderate our panel of experts who will discuss:

- What commercial and industrial tenants really want and need now.
- Why excellent customer service matters more than ever and how to deliver it.
- How to stand apart from your competitors.

- Why partnerships with brokers may be your most important tool.
- Which incentives are most meaningful to tenants and brokers.

Confirmed Panelists are: Glenn Buie, Operations Manager, First Industrial Realty Trust; John Marazzo, Vice President Property Management, Mack-Cali Realty Corporation; Seena Stein, Principal, Newmark Knight Frank; and Andrew Zezas, President, Real Estate Strategies Corporation.

Registration is \$75 for members and employees of member firms, and \$105 for non-members. Register now at [www.njnaiop.org](http://www.njnaiop.org).

We thank **Eastman Companies**, **Mack-Cali Realty Corporation** and our Media Sponsor **Real Estate New Jersey** for their generous support of this event. For sponsorship information, please contact Bonnie Sovinee: 732-729-9900.



## Peter Linneman To Deliver Real Estate Forecast February 2



Mark your calendar for Monday, February 2 and plan to join us for the first “must” attend event of 2009: NJ-NAIOP’s Annual Real Estate Forecast. Our keynote speaker will be Dr. Peter Linneman (pictured left).

As the principal of Linneman Associates, Dr. Linneman provides strategic and M&A analysis, market studies, and feasibility analysis to a number of leading U.S. and international companies. In addition, he serves as an advisor to and a board member of several public and private firms. Linneman

Associates publishes a quarterly report called The Linneman Letter, which forecasts employment growth and examines how macroeconomic factors influence real estate markets.

Dr. Linneman's courses at the Wharton School of Business, and his research focuses on real estate and investment strategies, mergers and acquisitions, and international markets. He has published over 50 articles during his career and is widely recognized as one of the leading strategic thinkers in the real estate industry.

Watch your email and [www.njnaiop.org](http://www.njnaiop.org) for event details and registration information.

## Upcoming Events: info online at [www.njnaiop.org](http://www.njnaiop.org)

**December 3:**

**Seminar**

**Tenant Retention in Trying Times**

7:30 – 11:30 AM

Eisenhower Corporate Campus,  
Livingston

**January 13, 2009:**

**Roundtables with Industry  
Experts**

Hold the date: details coming soon.

**February 2, 2009:**

**Annual Meeting  
& Commercial Real Estate  
Forecast**

**with Dr. Peter Linneman**

Hold the date: details coming soon.

## Other Events & News of Interest

■ **PSE&G Nuclear Energy Efficiency/Renewable Energy Workshop:** November 19, 8:00 AM – 11:30 AM, PSE&G Southern Division, 4140 Quaker Bridge Road, Lawrenceville. PSE&G, energy consultants and nonprofit leaders in energy conservation will discuss renewable energy, solar rebates and installations, energy efficiency audits, LEED certification and conservation measures. Space is limited. For more information, please contact Jim Colligan at 973-430-5172.



Renewing your NAIOP membership is the best investment you'll make for your business and your career. 2009 promises to be an exciting and action packed year; don't miss a minute of it with NAIOP.

**The benefits of membership are outstanding including...**

- Local chapter and national networking, education and business development
- Unparalleled legislative representation at the local, state, and federal levels.
- Special programming and unlimited education for professionals of every level – from Developing Leaders to CEOs, and everyone in between
- Online membership directory of industry leaders from across the nation, plus Canada and Mexico

Renew your NAIOP membership today and you'll be among commercial real estate industry's leaders in a forum for industry and professional education, government affairs representation, networking and business development. The available resources are endless...**renew now!**

**Renew Your NAIOP Membership Today!**



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