

October 22, 2009

State Aims to Boost Business Climate

By Maria Wood

TEANECK, NJ—Even as the state and the nation suffers through one of the worse eras for employment growth, a group of business trade associations in New Jersey are working to improve the business climate in the state.

During the afternoon session of RealShare New Jersey, held here yesterday and attended by some 300 industry executives, a panel entitled “Legislative Update from the Smart Growth Economic Development Coalition” gave the audience a recap of the coalition’s successes (passage of the Permit Extension Act, Urban Transit Hub Tax Credit and the Economic Redevelopment Growth Grant programs) and insight into other initiatives the group has on its agenda.

The panel was moderated by Ted Zangari, founder of the coalition and attorney with Sills Cummis & Gross, and included Bob Delia, chair of the government relations committee of the New Jersey chapter of ICSC; Conor Fennessy, VP of government affairs of the New Jersey Apartment Association; Kenneth Lundberg, president of SIOR, New Jersey chapter; Michael McGuinness, CEO of NJ-Naiop; and Timothy Touhey, EVP of the New Jersey Builders Assoc.

Lundberg detailed how the group is advocating for changes to the current Business Employment Incentive Program and the Business Relocation Assistance Grant Program. Both are intended to keep and attract jobs in the state. “It’s all about jobs to fill up our buildings,” he said.

To that end, Lundberg said the BRAG program should do away with a clause that requires a business prove it is a credible risk to leave the state before it receives the grant. By the same token, more years should be tacked onto the BEIP initiative. He added that the Invest New Jersey program, which gave \$3,000 for each job created in the state, should be reinstated. The program quickly depleted its \$50-million budget when it was launched in 2007.

Fennessy spoke about the need to reform the state’s COAH regulations, noting that all three candidates for governor say the system should be reworked. COAH, born from the Mt. Laurel decision, has now “grown into a bureaucracy far from its original mission,” he suggested.

The coalition is also seeking to ensure that municipal ordinances are not changed after a developer obtains approvals for a project. But perhaps the group’s top priority is a complete overhaul of New Jersey’s state plan. Among the changes the coalition is advocating is moving oversight of the state’s master plan from the Department of Community Affairs to the Treasurer’s office and making whoever oversees the state plan a cabinet-level post in the governor’s administration. “It is critical to develop a roadmap for investment” in the state, Touhey stated, adding that all county and local regulations need to be in synch with the state’s master plan.

In his opening remarks, Zangari referenced the recent decision by the Depository Trust & Clearing Corp. to move from Manhattan to Jersey City. He said that New York City landlords are expressing the same dismay that their Garden State counterparts did when companies moved to Pennsylvania. But New Jersey “got the message,” that it needs strong economic incentive tools to gain jobs, Zangari said.

That panel was followed by a luncheon address by James Hughes, dean of the Edward J. Bloustein School of Planning and Public Policy at Rutgers University. He said that while the employment picture for the US and the state remains bleak, the rate of job losses is moderating. For example, after job cuts of 749,000 nationwide in January, the average monthly losses in each of the three quarters went from 695,000 in Q1; 425,000 in Q2 and 212,667 in Q3. "The furious pace of job eliminations seems to have slowed," he said.

There are two theories of what could happen when the economy recovers. In one scenario, companies that cut too deeply will be caught short and go on a hiring spree. However, other companies may have just reduced work hours or put employees on a part-time basis. In that case, the bounce back in job growth will be weaker. Hughes admitted he does not know which scenario will ultimately play out.

Hughes said that recession is unprecedented in that it has hit the white-collar sector so hard. And while he conceded the state and the country will need an extended time to dig out of the current economic doldrums, he said, "Economic Armageddon has been averted and a full meltdown has been avoided."

The afternoon also featured an "Inside the Real Estate Mind" session between Michael Desiato, vice president and group publisher, ALM's Real Estate Media Group, and Charles Klatskin, managing director, industrial, for Jones Lang LaSalle.

The freewheeling discussion touched on everything from the industrial market in New Jersey to international business and state politics. Klatskin said that tenants and landlords must be willing to work together. For example, if a tenant wants a reduction in rents, it must be willing to extend its lease with the landlord.

In regards to the economic powerhouse of China, Klatskin said that "China needs us more than we need them," because the US is the biggest buyer of their goods. Klatskin told the audience that the recession of 1970 was tougher than the current one. He also mentioned his wine collection lost a third of its value in 2008. But he added, probably in reference to real estate, "The great wines came back."

The RealShare Conference Series is produced by ALM's Real Estate Media Group, which published *Real Estate Forum*, *Real Estate New Jersey*, *Real Estate New York*, *Real Estate Florida*, *Real Estate Southern California* and Globe.St.com.

