Financial Benefits of Density In Two New Jersey Downtowns

Prepared by Elizabeth Katen-Narvell
for New Jersey Future

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Joseph Minicozzi, AICP, New Projects Director, Public Interest Projects

About the Author

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Executive Summary

By demonstrating the economic advantages higher-density downtown projects offer a municipality, as opposed to such lower-density projects as big-box stores and office parks, this report provides a fiscal argument for government officials and civic leaders to follow the smart growth principles embodied in New Jersey's State Development and Redevelopment Plan.

To compare the financial benefits for these different development densities, the report uses a methodology developed by Joe Minicozzi of Public Interest Projects in North Carolina. Projects are evaluated based on the property tax they pay *per acre*. Using this calculation, dense, downtown developments pay much more for the space they take up. Compact development projects in New Brunswick and the Morristown area demonstrated these same financial advantages, generating more tax revenues per acre than lower-density projects, especially those located outside of downtown.

State and national studies have found that compact, center-based development typically incurs lower costs for infrastructure and services. This study did not assess the public costs for the sample projects in the study areas, which would have allowed a calculation of the *net* financial benefit. It is also important to note that this fiscal advantage is but one factor municipalities should use as they plan for the location and intensity of growth.

Introduction

When local governments plan for development, their decision-making process often includes a basic cost/benefit analysis that considers both fiscal and other qualitative factors. Development projects can create qualitative benefits, such as adding new shopping, services, housing and jobs, and enhancing the look and feel of a community. Negative social consequences may include traffic congestion and loss of open space. Fiscal costs may include the need for infrastructure investments, such as additional roads and expanded sewer and water systems,[1] as well as ongoing expenditures for schools, public safety and infrastructure maintenance. The fiscal benefits of development projects can be directly calculated based on the property tax they pay.

To demonstrate these fiscal considerations, some planners have compared development projects with differing densities, based on the financial return on investment per acre. The novelty of their work lies not only in its financial focus, but also that their comparisons are based on *per acre* tax revenue, rather than by lot or building. These studies, conducted in Asheville, N.C. and Sarasota, Fla. by Joe Minicozzi of Public Interest Projects, found "on a per-acre basis, sprawling single-use developments such as big-box stores do a poor job of providing governments with needed tax revenue. Dense, mixed-use development, usually downtown or adjacent to transit, is financially much more beneficial."[2]

Minicozzi explains the revenue difference: "'Downtowns achieve a higher rate of return than an acre of suburban development could ever do'…The reason is simple 'Once you start getting two stories, you start getting twice as much value.'"[3] The two studies showed that denser development patterns require lower per-unit infrastructure investments, provide higher property taxes per acre and therefore paid back the government investment in a much shorter time period. According to Minicozzi, both the lower costs and increased revenues contribute to the fiscal advantages of dense development.

While this form of analysis is only one way to evaluate development decisions, and it has not yet been applied widely, it does make a case for governments to support compact development and redevelopment as opposed to sprawl-style projects, especially in places where more dense growth makes sense for other reasons, such as existing downtowns and areas near transit hubs.

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[1] This depends upon whether the public sector or the developer will pay for infrastructure. See also the Strong Towns blog, Costs and Benefits series available online at http://www.strongtowns.org/journal/2010/11/3/costs-and-benefits-part-1.html

[2] New Urban News, *Best bet for tax revenue: mixed-use downtown development*, Vol. 15, no 6.

[3] Ibid

Measuring Property Tax Per Acre in Two New Jersey Case Studies

As this report now turns its focus toward specific examples in New Jersey, it will examine the revenue side of this analysis by looking at property tax per acre in two locations: the municipality of New Brunswick and a section of Morris County, the adjacent municipalities of Morristown, Morris Township[4] and Hanover Township. Both study areas have a variety of development projects located in both a walkable downtown and a nearby, more suburban setting.

Methodology

For each of these two examples, property tax and acreage information was compiled for properties fitting a variety of categories:

- residential suburban single-family;
- residential multifamily, low-rise (2 stories);
- residential multifamily, mid-rise (3-5 stories);
- commercial low-rise;
- commercial mid-rise (3+ stories);
- mixed-use mid-rise (3-5 stories); and
- mixed-use high-rise (6+ stories).

The Morris County Department of Planning and Development assisted with the data for Morris County. For the single-family residential category, data were aggregated from 10 homes, each with a lot size of approximately half an acre. To ensure a wide variety of densities, neighboring municipalities in Morris County were used: Morristown, Morris Township and Hanover Township. Once the locations were selected, the analysis was straightforward. The necessary information was gathered from publicly available tax data, compiled and attached as appendices A and B, most importantly calculating 2010 property tax per acre for each project.

For the City of New Brunswick, Glenn Patterson contributed all of the data. For the single-family residential category, data were aggregated from 10 homes, with lot sizes ranging between 5,000 and 6,500 square feet.

See Appendix G for a more detailed description of the methodology. The individual values and aggregates by category were compared graphically for each area.

In all cases, the study relied upon actual property tax revenues, regardless of whether a Payment in Lieu of Taxes was in place. Some of the projects have long-term tax abatements, which may affect a comparison with a similar non-abated project.

[4] Note that Morristown and Morris Township share a school district.

Morristown Area Findings

The properties studied in the Morristown area demonstrated the fiscal advantages of dense development in a downtown area, based on an analysis of 16 projects, including three "project areas" of 10 single-family homes each. Eight of the projects were located in downtown Morristown; the single-family home project areas and the five remaining projects were located in suburban areas of Morristown, Morris Township or Hanover Township. Detailed information on each project can be found in Appendix A.

As Figure 1 shows, mixed-use mid-rise properties paid the average highest property tax per acre: $461,410 in 2010. This category includes the Transit Village development (pictured in Appendix E, image 4) and Epstein's redevelopment project. Figure 2 illustrates that these properties are among the most lucrative per acre, along with two commercial mid-rise projects, Century 21 (Appendix E, image 5) and 10 Park Place. Paying an average property tax of $441,902 in 2010, the commercial mid-rise properties also pay relatively high property taxes per acre. Comparing these compact developments with nearby low-rise properties (such as the Cedar Knolls Shopping Center, Appendix E, image 1) reveals that, on average, the commercial properties that are three to five stories generate 15 times the property taxes per acre of their one- to two-story counterparts.

Among purely residential properties, the multi-family mid-rise buildings paid the highest property taxes per acre in 2010, at $216,155, which is more than nine times the average per-acre taxes paid by the freestanding, single-family homes in the area (such as the one pictured in Appendix E, image 6).

The Headquarters Plaza project, the only project in the mixed-use high-rise category, represents an anomaly. While its buildings are the tallest in the study group, it generated only $151,383 per acre, roughly one-third that of the mixed-use mid-rise category. The reasons for the low property tax per acre values are unclear, but the project's age, dated design and vacant (unleased) space all probably contribute to a lower market value. In addition, the project's density is lower than what the building heights might suggest, since there are many large on-site plazas.

Fig 1: 2010 Property Tax Yield Per Acre: Morristown Area by Category

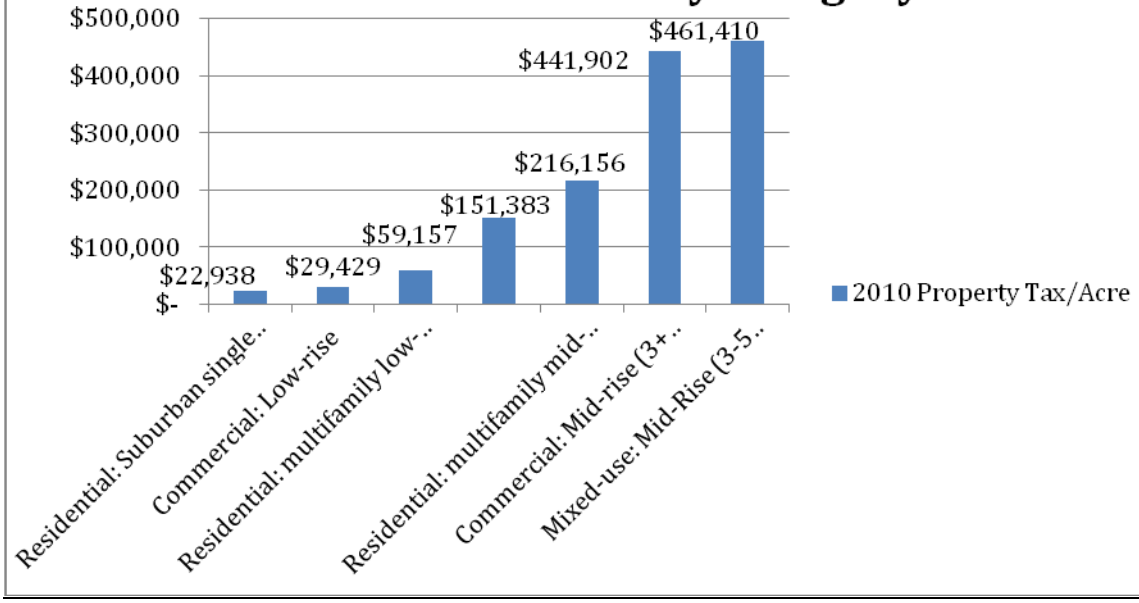
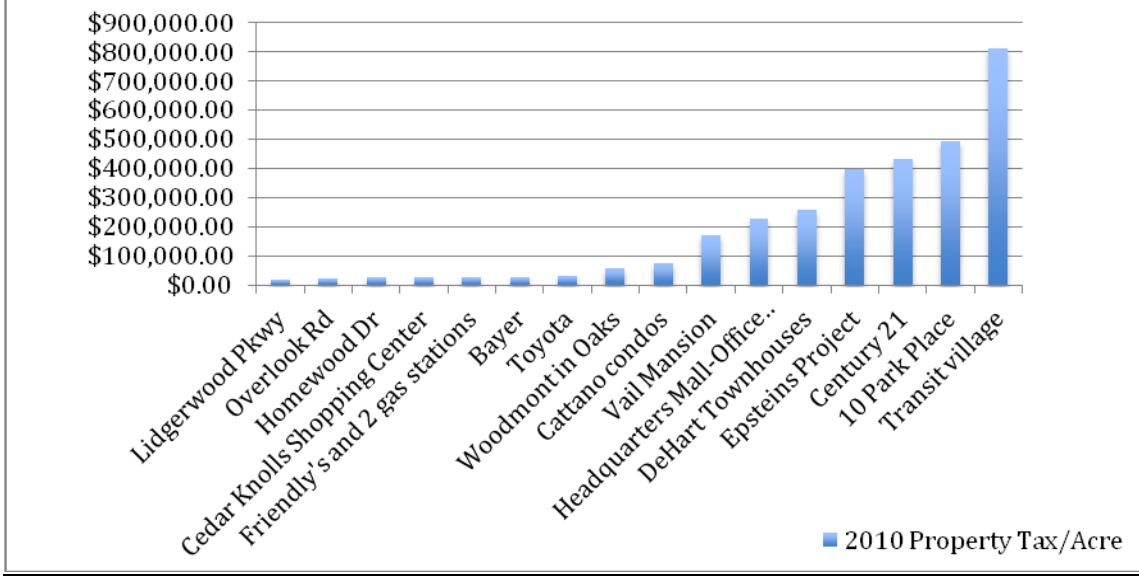


Fig 2: Morristown Area Properties



New Brunswick Findings

New Brunswick also demonstrated significantly greater returns on the high-density downtown properties, based on an analysis of 18 projects (including one "project area" of 10 single-family homes). Detailed information on each project can be found in Appendix B, with additional information in Appendix C. All of the projects were downtown except for Sears and Houlihans, the two low-rise commercial properties. The single-family and low-rise residential properties were on the edges of the downtown area, as Figures 1 and 2 in Appendix D show.

Here, the mixed-use high-rise properties (such as One Spring, pictured in Appendix F, image 2) were the clear winners in terms of revenue generation. Their average property tax of $674,532 per acre in 2010 (seen in Figure 3) was 6.5 times greater than the mid-rise mixed-use properties (which Figure 3 shows is $103,653), and 25 times higher than the low-rise commercial properties. Paying only $26,513 per acre in 2010 (illustrated in Figure 3 as the lowest column in the graph), the low-rise commercial properties (in this example including Sears, Appendix F, image 1, and Houlihans) paid, on average, the least property tax per acre.

Among the other categories, multifamily mid-rise residential projects offer advantages over the single-family or multi-family low-rise options. As Figure 3 shows, the mid-rise residential projects in New Brunswick paid $105,597 per acre in 2010, more than twice the per acre property taxes paid by other forms of residential development (as seen in Figure 3, $45,338 for multifamily and $43,082 for single-family homes). (Note that the single-family homes were on lots ranging from 5,000 to 6,500 square feet.)

The Hope Manor project skews the mixed-use data. Figure 4 shows that Hope Manor, a mid-rise mixed-use development, pays the second-lowest taxes per acre, only $25,224. This number actually represents the Payment In Lieu of Taxes for the project, which in this case is lower than an actual tax might be because the housing component of Hope Manor is 100 percent affordable housing. Even so, the mid-rise mixed-use category of projects still falls in the middle of the categories, as seen in Figure 3, and these projects pay more than the low-rise commercial and residential projects.

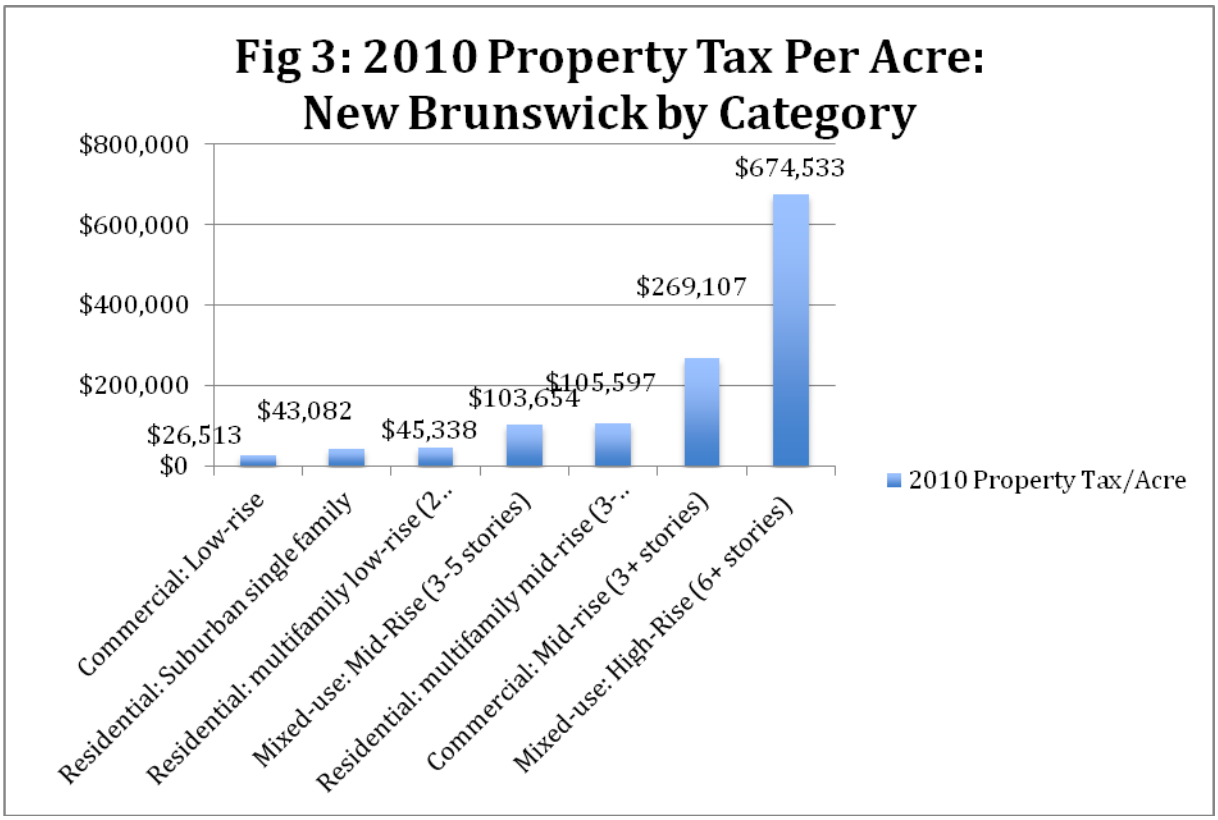


Fig 3: 2010 Property Tax Per Acre: New Brunswick by Category
$800,000
$600,000
$400,000
$200,000
$0
$26,513
$43,082
$45,338
$103,654
$105,597
$269,107
$674,533
Commercial: Low-rise
Residential: Suburban single family
Residential: multifamily low-rise (2..
Mixed-use: Mid-Rise (3-5 stories)
Residential: multifamily mid-rise (3-..
Commercial: Mid-rise (3+ stories)
Mixed-use: High-Rise (6+ stories)
2010 Property Tax/Acre

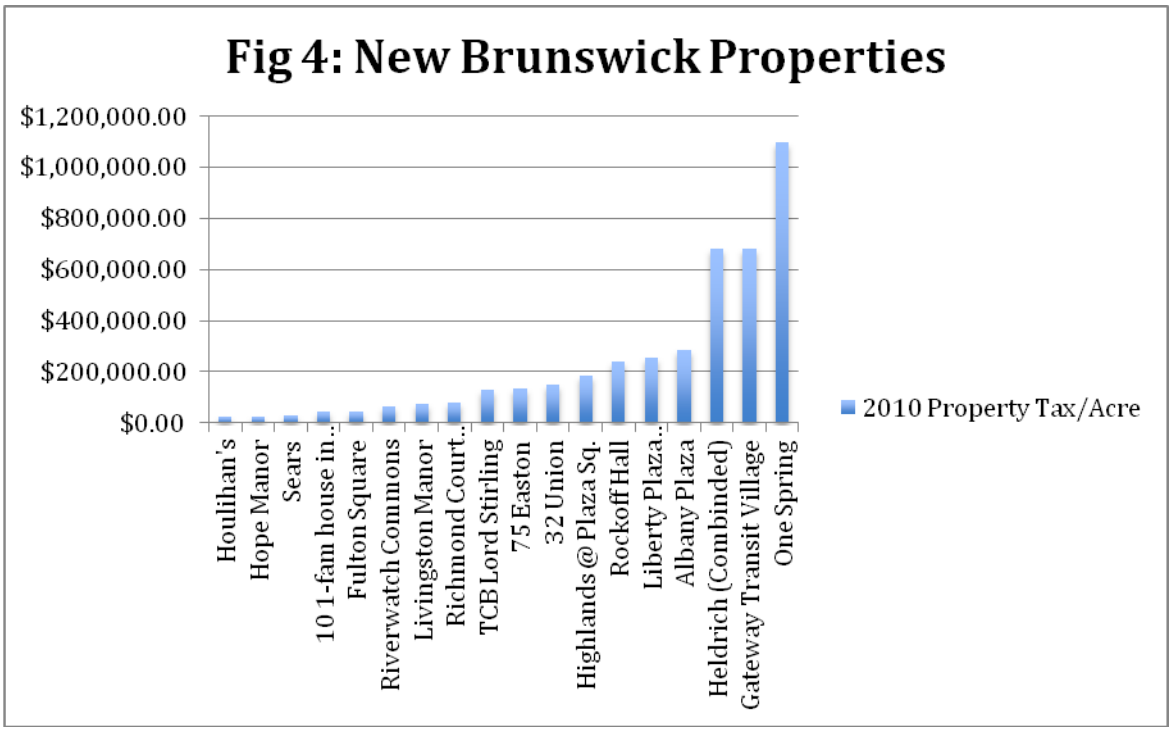


Fig 4: New Brunswick Properties
$1,200,000.00
$1,000,000.00
$800,000.00
$600,000.00
$400,000.00
$200,000.00
$0.00
Houlihan's
Hope Manor
Sears
10 1-fam house in..
Fulton Square
Riverwatch Commons
Livingston Manor
Richmond Court..
TCB Lord Stirling
75 Easton
32 Union
Highlands @ Plaza Sq.
Rockoff Hall
Liberty Plaza..
Albany Plaza
Heldrich (Combinded)
Gateway Transit Village
One Spring
2010 Property Tax/Acre

Comparing Overall Costs and Benefits of Different Development Patterns

Our research in New Jersey focused solely on how the *revenues* generated by development projects vary with density. Although we were unable to evaluate the public-sector costs for the sample projects, statewide and national studies comparing the cost of different development patterns have found that, in general, there is a significant economic advantage to compact, center-based development.

The Center for Urban Policy Research (CUPR) at Rutgers University conducted an Impact Assessment on the State Development and Redevelopment Plan for the New Jersey Office of Smart Growth. This study compares projected development following the State Plan (PLAN) with historical trends (TREND) in terms of impact on the economy, the environment, infrastructure, community life and intergovernmental coordination.[5] The State Plan concentrates growth in already developed areas and encourages denser development, so the PLAN scenario has less sprawl than TREND. Although both projections "will have equivalent real property tax base growth of approximately $1.275 trillion,"[6] meaning that the value of property in New Jersey increases almost identically under both scenarios, the report goes on to show that following the growth guidelines of the State Plan offers a significant financial advantage.

The study asserts: "[U]nder TREND development, by 2028, local governments will experience a fiscal surplus of $65 million annually; under PLAN development, the fiscal surplus will be $181 million annually." In other words, local governments could almost triple their surpluses, earning $116 million more per year, by adhering to the State Plan's smart growth guidelines.[7] Concentrating growth in dense, already developed areas accounts for this surplus. The fiscal advantage reflects "the ability under PLAN to draw on usable excess operating capacity in already developed communities."[8] Building in less developed areas requires a significant increase and change in the provision of public services (such as fire and police departments or schools systems), changes that are much more costly than increasing the capacity of existing systems.[9]

Additionally, the physical infrastructure costs (including roads, transit, water and sewer services) are also lower for compact growth in developed areas. The same CUPR study "projects tax savings of $160 million annually in municipal, county and school taxes, $870 million in local road costs and $1.45 billion in water and sewer

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[5] Rutgers Edward J. Bloustein School of Planning and Public Policy, *Sustainability As Partner to Economic Regeneration: The Impact Assessment of the New Jersey State Plan*

[6] *The Impact Assessment of the New Jersey State Plan,* page 6

[7] *The Impact Assessment of the New Jersey State Plan,* page 7

[8] *The Impact Assessment of the New Jersey State Plan,* page 6

[9] *The Impact Assessment of the New Jersey State Plan,* 71

infrastructure costs if Smart Growth guidelines are followed in full."[10] The Transit Cooperative Research Program conducted a similar study at the national level, titled *Costs of Sprawl—2000,* which compared infrastructure cost projections under a controlled-growth[11] scenario for 2000-2025 to uncontrolled growth for the same period. In this study, "Controlled growth is defined as limiting a significant share of development to already developed counties or to areas as close to already developed locations as possible." Conversely, sprawl is defined as unlimited growth outward, usually with low density.[12]

Under the controlled-growth scenario used in this study, nationwide costs decrease by $12.6 billion (6.6 percent) in water and sewer infrastructure and $110 billion (11.8 percent) in local road infrastructure. The TCRP analysis of tax changes and public service costs netted "a positive fiscal impact difference of $4.2 billion annually under the controlled-growth versus uncontrolled-growth scenario" by 2025. [13] Overall, growth in already developed areas that is built more densely typically has lower per unit costs for water, sewer, road and services[14].

In addition to costing less, denser development pays significantly higher property taxes per acre than more sprawling projects, meaning the government earns more revenue from the land. The CUPR report cited higher property taxes in more developed areas as one reason following planned growth offers a greater fiscal advantage than unplanned growth.[15]

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[10] Rutgers University Center for Urban Policy Research, from NJ Department of State, http://www.state.nj.us/state/planning/benefits.html

[11] In this study, "Controlled growth is defined as limiting a significant share of development to already developed counties or to areas as close to already developed locations as possible." (*Costs of Sprawl*, Executive Summary, 4) Conversely, sprawl is defined as unlimited growth outward, usually with low density.

[12] *Costs of Sprawl,* Executive Summary, 3-4.

[13] *Costs of Sprawl*, Executive Summary, 13.

[14] Note that this may not be true in situations where infrastructure needs to be expanded in an already-developed area, especially if additional land (such as street rights-of-way) must be acquired.

[15] "Also, in more densely developed communities, the real property tax is significantly higher than it is in less densely developed communities, and although overall costs may be somewhat higher, revenues will be proportionately higher." *The Impact Assessment of the New Jersey State Plan,* 71

Limitations and Unanswered Questions

While the findings from New Brunswick and Morristown clearly demonstrate the fiscal advantages associated with density, especially in downtown areas, this area of inquiry raises many questions beyond the scope of this study. This study is admittedly an extremely simple way to evaluate the economics of density.

This study did not look into the *net* fiscal costs or benefits. While state and national studies have found that per-unit costs are typically lower for denser, center-based projects, the study did not attempt to assess the public-sector costs associated with the sample projects in New Brunswick and the Morristown area.

In all cases, the study relied upon actual property tax revenues, regardless of whether a Payment in Lieu of Taxes was in place. Some of the projects have long-term tax abatements, which will affect a comparison with a similar non-abated project. Some of the projects contain tax-exempt elements, such as the textbook portion of the Barnes & Noble bookstore at the Gateway Transit Village, as this portion of the store is in support of the tax-exempt Rutgers educational use. These portions of projects pay no tax or PILOT. The HOPE VI project has a very low PILOT as it is a 100 percent affordable residential project. Not all properties fit the hypothesis perfectly for other reasons. The Headquarters Plaza in Morristown is an anomaly due, at least in part, to large on-site plazas.

There are other complexities to the New Jersey tax system not addressed here. In particular, when considering residential development, the question of schoolchildren (and their associated costs) arises. How many children might live in the various forms of residential development, and whether the tax levels cover their education costs, are beyond the scope of this study. Many of the higher-density housing projects are designed for households without children, a strategy supported by a Rutgers University study that found fewer children living in higher density housing[16].

This analysis categorized properties based only on building height (except for the single-family residential category) but other factors of density (such as open, unused space, and on-site, particularly surface, parking) are also important considerations. Projects with off-site parking will have smaller land areas, which can have the effect of making the revenue per acre higher. Similarly, downtown properties may gain value from their underlying zoning, and/or from their location in a dense environment. For example, a one-story retail store (which was not included in the final analysis) in the center of Morristown paid significantly higher taxes per acre than the one-story commercial properties located elsewhere. The higher tax payments reflect a high assessed value, which is probably due to at least

[16] New Jersey Demographic Multipliers: The Profile of Occupants of Residential and Nonresidential Development. David Listokin, et al., Center for Urban Policy Research, Rutgers University, August 2006.

two market factors: the unrealized development potential and the value of existing business, which might benefit from a concentration of downtown shoppers. The precise nature of this difference could also be studied in greater detail; this sort of comparison also contributes to the financial case for dense development.

Just because dense projects can be fiscally advantageous does not mean they make sense in all locations. Fiscal considerations are only one of many significant factors communities use to plan for where and how to grow.

Conclusion

Overall, the New Jersey examples demonstrate that on a per-acre basis, denser development in a downtown area pays higher property taxes than lower-density development, especially that which is located away from a town or city center. As Will Rogers said, "Buy land, they're not making it anymore."[17] Land is an important source of revenue for the government, but it is also a finite resource. Particularly during this tumultuous economic time, and in New Jersey, the most densely populated state in the nation, local governments must carefully consider how they extract value from the land in their municipalities. In general, according to statewide and national studies, denser development requires a lower investment from the government in infrastructure (assuming that it is provided by the public sector) and ongoing maintenance and services. Furthermore, after completion, denser development projects in downtown areas typically pay more property taxes per acre. When lower costs and higher revenues combine, as they often do for denser development projects, local governments enjoy a fiscal advantage. Although municipalities should consider many other factors in addition to fiscal ones, in the right locations dense development patterns offer other advantages: they consume less land, allowing for the preservation of open space, and they support alternative modes of transportation. Dense downtown areas in particular are preferred by many people who seek walkable, interesting places to live and work.

[17] Minicozzi presentation

Appendix A: Morris County Data

Type	Name	Township	Description	Property Tax (2010)	Size (acres)	Property tax/acre	Year Constructed	Density/Height	# of Housing Units	Square feet (bldg)	Address in property tax records	Block	Lot
Residential (single use)													
Single-family	Overlook Road	Morristown	10 single fmaily homes, aggregated	$ 139,406.49	5.72	$ 24,370.06	Varied (1955-1998)	Avg lot=.57		Avg=2449.4	3, 11, 19, 25, 29, 37 Overlook Rd; 1, 7, 9 Vanderpool Dr; 55 Ogden Pl	8803	1-7, 2.01, 18, 19
	Lidgerwood Parkway	Morristown	10 single fmaily homes, aggregated	$ 114,329.40	5.96	$ 19,168.96	1957-1963	Avg lot=0.60		avg=2219.2	69, 75, 76, 81, 82, 87, 92, 93, 100 Lidgerwood Pkwy, 50 Headley Rd	7001; 7002	11-15; 3-7
	Homewood Dr	Morris Township	10 single fmaily homes, aggregated	$ 145,383.52	5.75	$ 25,276.18	1992-1993	Avg lot-0.58		Avg=3509.6	20, 22-29 Homewood Dr; 2 Beekman Pl	1007	1-5, 24-28
	AVERAGE					**$ 22,938.40**							
Multifamily low-rise (2 stories)													
	Woodmont in Oaks (townshouse with affordable units)	Morris Township	Attached housing	$ 864,799.50	14.62	**$ 59,157.48**	1987	Avg lot=~.13 acres, plus common areas (4.4 acres worth)	21 affordable, 62 market	Avg=2217.6	2-60 Boxwood Dr; 1-34 Woodcrest Dr	9901; 9902	1-38; 2-48,
Mid-rise (3-5 stories)													
	Dehart Development	Morristown	3 story attached housing, parking	$ 194,808.19	0.75	$ 260,056.32	2008		9 units	avg= 3705.2	32-52 De Hart St	6104	1.01-1.09
	Vail Mansion	Morristown	3 stories of condos	$ 632,177.33	3.67	$ 172,255.40	2008		36 condos, common space	avg=1909	110 South Street	4701	40.0, 101-112, 201-212, 301-312
	AVERAGE					**$ 216,155.86**							
Commercial Low-rise													
	Toyota of Morristown	Morristown	1 story Auto dealership	$ 99,922.63	3.14	$ 31,822.49	1986			not listed	169 Ridgedale Ave	10104	6
	Bayer Offices	Morris Township	1-2 stories office and lab with surface parking	$ 445,940.10	15.40	$ 28,960.91	1986			not listed	36 Columbia Road	9301	7
	Friendly's and 2 gas stations	Morris Township	1 story Friendly's, 2 Gas stations	$ 66,367.40	2.31	$ 28,780.31	1986			8206	192-196 Madison Avenue	8603	1
	Cedar Knolls Shopping Center	Hanover Township	1 story Shopping center	$ 707,750.63	25.14	$ 28,153.49	not listed			not listed	225 Ridgedale Ave	1801	3
	AVERAGE					**$ 29,429.30**							
Mid-rise (3 - 5 stories)													
	Century 21	Morristown	3-4 stories department store	$ 325,490.00	0.75	$ 431,283.95	not listed			not listed	9-14 Park Place	5901	3.01
	10 Park Place	Morristown	5 stories: 1st floor retail, offices above	$ 270,345.02	0.55	$ 491,536.40	not listed	not listed		not listed	16-19 Park Place	5901	3.02, 3.05
	AVERAGE					**$ 461,410.18**							
Mixed Use Mid Rise (3-5 stories)													
	Transit village	Morristown	5 stories: Ground floor retail, residential above, parking deck	$ 810,973.96	1.00	$ 810,973.96	not listed		217 and retail	not listed	10 Lafayette Ave	3605	1-1.06
	Epsteins Project	Morristown	5 stories: Ground floor retail, condos, apartments, offices, Some vacant land, enclosed parking	$ 1,463,854.62	3.45	$ 424,305.69	2010	not listed	210 units,	27,200 office, 66,592 commercial (residential not listed)	40 Park Place; 40 Market St; 11 De Hart St; 12 Maple Ave	6004	1-1.08, 1.201-1.216, 1.201-1.316, 1.401-1.415, 1.501-1.516, 1.601-1.608, 1.701-1.705, 16.01-16.07, 8, 9, 12
	AVERAGE					**$ 617,639.82**							
High Rise (6+ stories)													
	Headquarters Mall-Office Plaza	Morristown	Plaza with 4 towers, each 12-16 stories (incl hotel, retail, cinema, and offices) Some retail is vacant	$ 2,362,060.28	10.35	$ 228,218.38	not listed			not listed		4901	1, 1.01, 1.02, 1.03, 1.04, 1.05, 1.06, 1.08
	Cattano condos	Morristown	6 stories: Ground floor retail, condos above	$ 416,950.00	5.59	$ 74,548.54	1998			not listed	11 Cattano Av	5802	2, 26, 27, 27.0
	AVERAGE					**$ 151,383.46**							

Appendix B: New Brunswick Data

Type	Name	Township	Description	Property Tax (2010)	Size (acres)	Property tax/acre	Year Constructed	Density/Height	# of Housing Units	Square feet (bldg)	Address in property tax records
Residential (single use)											
Single-family	NY/Jefferson Ave	New Brunswick	10 single fmaily homes, aggregated	$ 86,595.00	2.01	$ 43,082.09			1 per lot, 10 aggregated		
Multifamily low-rise (2 stories)											
	Fulton Square	New Brunswick	2-3 story townhouses and low-rise residential	$ 504,614.00	11.13	**$ 45,338.19**			209		325 Commercial Ave
Mid-rise (3-5 stories)											
	32 Union	New Brunswick	3 stories rental residentail over structured parking	$ 51,620.00	0.34	$ 151,823.53			32		32 Union Street
	33 Union	New Brunswick	4 stories rental residential	$ 45,146.00	0.34	$ 132,782.35			14		75 Easton Ave.
	34 Union	New Brunswick	3 stories senior low/mod rental	$ 63,476.00	0.49	$ 129,542.86			48		40 Hassert St
	35 Union	New Brunswick	3 stories rental residentail	$ 108,546.00	1.37	$ 79,230.66			82		9 & 10 Dennis St.
	36 Union	New Brunswick	5 stories senior low/mod housing	$ 34,365.00	0.45	$ 76,366.67			50		116 Livingston Ave
	37 Union	New Brunswick	5 stories rental residentail	$ 157,028.00	2.46	$ 63,832.52			118		100 Hiram Sq.
	AVERAGE					**$ 142,302.94**					
Commercial											
Low-rise											
	Sears	New Brunswick	1 story retail with basement	$ 619,440.00	20.15	$ 30,741.44	1965				51 US Hwy 1
	Houlihan's	New Brunswick	1 story restaurant/bar	$ 41,450.00	1.86	$ 22,284.95					55 US Hwy 1
	AVERAGE					**$ 26,513.19**					
Mid-rise (3 - 5 stories)											
	Liberty Plaza (Combinded)	New Brunswick	4 stories Office and retail, including UMDNJ Offices	$ 303,000.00	1.20	$ 252,500.00				35,000 office; 14,000 retail	335 George St
High Rise (6+ stories)											
	Albany Plaza	New Brunswick	8 stories office/retail	$ 340,000.00	1.19	$ 285,714.29				120,000 sf	120 Albany St
Mixed Use											
Mid Rise (3-5 stories)											
	Hope Manor	New Brunswick	2-3 Stories, low/moderate income rentals	$ 84,499.00	3.35	$ 25,223.58			68 units		25 Hope Manor Dr
	Highlands at Plaza Square	New Brunswick	5 stories, Residential rental and retail	$ 939,547.00	5.16	$ 182,082.75			417 units	3000 retail	1 Richmond St
	AVERAGE					**$ 103,653.17**					
High Rise (6+ stories)											
	One Spring	New Brunswick	24 stories, on-site parking, Condos, Office, and Retail	$ 801,705.00	0.73	$ 1,098,226.03			121 units	30,000 office, 4,000 retail	1 Spring St
	Gateway Transit Village	New Brunswick	22 stories, retail, office and residential	$ 761,442.00	1.12	$ 679,858.93			192 units (42 condos, 150 rental, 120 of which is affordable)	50,000 retail, 40,000 office	100 Somerset St
	Heldrich (Combinded)	New Brunswick	10 stories, Hotel Conference Ctr and condos	$ 1,005,041.00	1.48	$ 679,081.76			48 condos		10 Livingston Ave
	Rockoff Hall	New Brunswick	12 stories Apartments (Rutgers student housing), retail	$ 200,000.00	0.83	$ 240,963.86			186 units	10,000 retail	290 George St
	AVERAGE					**$ 674,532.64**					

Appendix C: Notes on New Brunswick Properties

Additional notes from Glenn Patterson:
(1) All mixed-use projects are tax abated via the NJ Long Term Tax Exemption Law or voluntary PILOTs for otherwise fully exempt projects
(2) 5 of 13 projects with residential components have affordable housing set-asides where the intention is to make the taxes as low as feasible
(3) Several projects are purpose-built for public entities, e.g., Rockoff Hall (Rutgers), large % of Gateway retail (Rutgers bookstore)
(4) Some projects have components that are tax-exempt due to their public status and that pay no tax or PILOT, e.g., the textbook sales portion of the Rutgers Bookstore
(5) Several projects provide no on-site parking and lease parking off-site in public parking decks. This reduces the project land area and increases the revenue/acre compared to a project that provides parking on-site.
(6) Gateway Transit Village is under construction

Appendix D: New Brunswick Maps

Figure 1

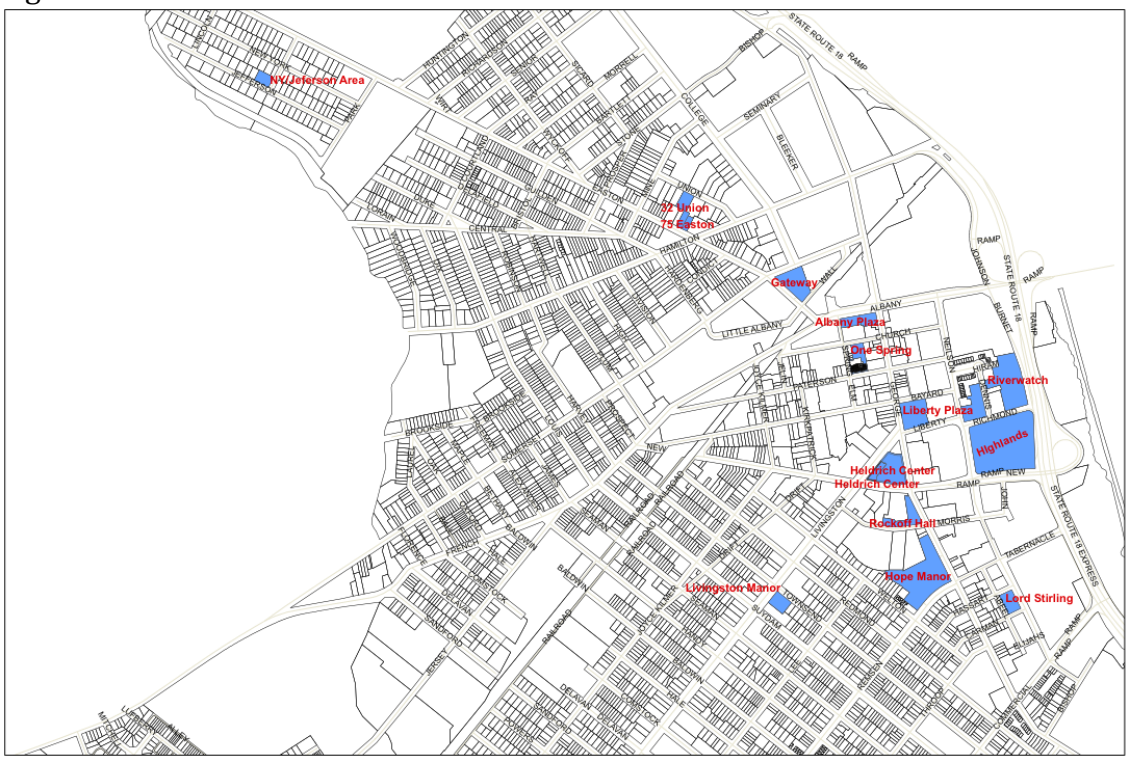

Figure 2

Appendix E: Morris County Photos

Image 1: Cedar Knolls Shopping Center (low-rise commercial)

Image 2: Headquarters Plaza (high-rise mixed-use)

Image 3: Empty retail space at Headquarters Plaza

Image 4: Transit Village (high-rise residential)

Image 5: Free-standing Century 21 Department Store (mid-rise commercial)

Image 6: Free-standing home (low-rise residential)

Appendix F: New Brunswick Images

Image 1: Sears Department Store (low-rise commercial)

Source: http://www.city-data.com/businesses/242437507-sears-portrait-studio-new-brunswick-nj.html

Image 2: One Spring (high-rise mixed-use)

http://www.clrsearch.com/1_SPRING_ST_UNIT_2101_NEW_BRUNSWICK_NJ_08901/29111743

Appendix G: Detailed Methodology

For an introduction to the methodology applied in this project, I began with the presentation by Joe Minicozzi, as well as articles on his work in Asheville and Sarasota. (See sources 1-3). I then looked for other sources on the topic of infrastructure investment, which led me to sources 4-7. These presentations and blogs offered more perspective on the process of appraising various projects – how governments do evaluate and how they ought to evaluate development. My next step was to look at some numbers, both for New Jersey (source 9 and 9a) and the entire U.S. (source 8). Using these reports, I could write generally on the financial advantages of smart growth.

My next step was to apply Minicozzi's methodology to New Jersey. For my work, the New Jersey Future staff recommended trying Morristown and New Brunswick. We contacted the planning departments of the County of Morris, specifically Christine Marion and Anthony Soriano of the Morris County Department of Planning and Development, and Glenn Patterson of the City of New Brunswick and asked for properties that met our criteria for the various categories (residential, commercial, and mixed-use; low-rise, mid-rise and high-rise).

Using a list of properties supplied by the Morris County Department of Planning and Development, I used the Morris County Public Resource Interactive Mapping Application (MCPRIMA) to find the needed information on each. For some, I had the address or block/lot information. For others, I used Google to find the business's posted address or located it on Google maps and compared this with the GIS data to find the tax information. Some properties were straightforward, occupying one block and lot. For the single-family residential categories, I used about 10 lots of similar size in a neighborhood (having asked for an area with approximately half-acre lots), for which I aggregated the data to find property tax/acre.

Some properties, particularly any that included condos, were more complex to collect complete information on. The condos are each listed separately in the tax system, as each pays individual taxes. They are listed almost as "sub-lots" (a term I made up), meaning they don't always appear separately on the map. Therefore, to ensure that I included all pieces of the property, I used the MOD-IV list function, rather than the full map search. In the GIS, I would search for the block I wanted. Rather than select a specific lot, I would browse through the list that came up. On this list, sometimes a single lot will be listed with various parts, such as the DeHart units, which are listed as 1.01-1.09. The mixed-use projects also presented complications, as some, such as Epstein's, encompassed several lots under different ownership. After I had gathered all of the information I required, it was simple to put it into a table and create the graphs to illustrate the advantages of density.

For New Brunswick, Glenn Patterson compiled all of the information I was looking for into a table for me, so I did not need to search through the city's tax system.

Sources

Write-Up

1. Joseph Minicozzi, AICP, New Projects Director, Public Interest Projects, Inc., joem@pubintproj.com
    a. Presentations by Minicozzi, including *Infrastructure Financing: The Balance of Land-use and the Cost of Infrastructure* and *The Value of Downtown: A Profitable Investment for the Community*

2. Philip Langdon, *Best bet for tax revenue: mixed-use downtown development*, New Urban Network**,** online article available at http://newurbannetwork.com/article/best-bet-tax-revenue-mixed-use-downtown-development-13144

3. Peter Katz, *Sarasota's Smart Growth Dividend*, Planning, December 2010.

4. Rollin Stanley, Planning Director, Montgomery Country Planning Department,
    a. Director's Blog on Federal Highways, available at http://montgomeryplanning.org/blog-director/?p=484
    b. ReThink Montgomery: a new way of thinking presentation

5. Strong Towns Blog, Costs and Benefits Series parts 1-5, available at http://www.strongtowns.org/journal/2010/11/3/costs-and-benefits-part-1.html

6. Adam Ducker, *A Market and Economic Context for Thinking About Suburban Sprawl Repair*, Congress for the New Urbanism

7. Shyam Kannan, *The Future of Real Estate in the Triangle- Demographic Forces Driving Change*

8. Transit Cooperation Research Program Report 74, *Costs of Sprawl—2000*, sponsored by the Federal Transit Administration

9. New Jersey Department of State, Smart Growth Benefits, http://nj.gov/state/planning/benefits.html
    a. *The Costs and Benefits of Alternative Growth Patterns: The Impact Assessment of the New Jersey State Plan*, prepared by the Center for Urban Policy Research, Edward J. Bloustein School of Planning and Public Policy, Rutgers, The State University of New Jersey, September 2000. Available at: http://nj.gov/state/planning/ia.html

New Jersey Tax Analysis

Morristown and Morris Township

Anthony Soriano, Supervising Planner, Morris County Department of Planning and Development, ASoriano@co.morris.nj.us, 973-829-8120

Morris County GIS, available at https://morrisgis.co.morris.nj.us/

Google maps (maps.google.com) for addresses/locations

New Brunswick

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