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**One Region Northwest Indiana Benchmark Report: New Jersey**

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## **Preface and Letter from the President**

One Region, Inc. partnered with Purdue University Northwest, Valparaiso University, Indiana University Northwest, and Center for Workforce Innovations to benchmark Northwest Indiana (Lake, Porter, and LaPorte counties) to other regions in the country. The initiative will culminate in a tour to a selected region. The first tour will be to New Jersey.

The initiative began with two goals:

1. Learn from other regions
2. Build relationships internally on our inter-region visit

The purpose of this initiative is to identify other metropolitan regions in the United States similar in various ways to Northwest Indiana and assess how these regions have leveraged and built assets to its benefit economically and qualitatively. In understanding what other regions have done successfully, we can look to replicate the economic and qualitative successes.

In effort to ensure that this initiative is applicable and relevant to business leaders and community leaders, we solicited feedback to understand challenges in attracting and retaining talent. Overall, we found the primary reasons were perception issues and lifestyle. Thus, the assessment began to look at other regions that have experienced similar challenges and how those regions overcame those challenges.

We recognize that there is no one identical place to our three county region, yet we found commonalities among a variety of regions. We selected regions that were either similar to Northwest Indiana historically and places that we strive to be in relation to population growth and attraction and retention of talent. We pulled high level data from the following regions: Salt Lake City, UT; Austin, TX; Albany, NY; Hoboken/Hudson County, NJ; Seattle, WA; Pittsburgh, PA; Denver, CO; and Minneapolis, MN.

Places there are similar Historically: Albany, Hudson County, Pittsburgh, and Minneapolis. Places where we want to be: Denver, Salt Lake City, Austin, and Seattle. Based on our findings we narrowed in on researching New Jersey, Pittsburgh, and Denver. New Jersey serves as One Region's Inaugural Benchmark Tour.

We hope you will find the information below insightful as our region works to make investments in infrastructure and leverage our assets in effort to attract and retain talent.

Sincerely,



Leah Konrady  
President & CEO

## **Introduction**

New Jersey is in close proximity to and feeds from the economies of both New York City and Philadelphia. Northwest Indiana is similarly linked to Chicago by location and the economic co-dependency. Secondly, there has been tremendous growth in the millennial and young families demographics in both Hoboken and Jersey City, which was not the case about 20 years ago. Hoboken's concentration of young adults ages 22-34 is 45.4% of its population (higher than Boston and Cambridge) and in Jersey City young adults ages 22-34 comprise nearly 28% of its population (higher than Denver, Seattle, and Austin).<sup>1</sup>

However, the rest of the state faces similar issues with population growth that Northwest Indiana faces. New Jersey's outmigration is to places like Pennsylvania, New York, Florida, and North Carolina. Outmigration to Florida and North Carolina are driven by climate. Similar to Indiana, the state of New Jersey has a fairly moderate climate with cold winters and warm, humid summers. The state's temperature ranges from a July average of 74 degrees Fahrenheit to a January average of 30 degrees Fahrenheit.

Several cities in New Jersey have experienced a transformation in quality of place, which has helped in attracting residents and businesses to those specific areas. We choose to focus on the following cities and locations for the following reasons:

- Hoboken and Jersey City – redevelopment of residential and waterfront areas to attract residents especially young professionals and young families;
- Newark – attraction and retention of businesses (Prudential, Panasonic, and Audible) as well as community partnerships created to invest in Newark's quality of place;
- Asbury Park – renaissance of downtown through the arts and music as well as revitalization of its shoreline; and
- Trenton – grassroots leadership working to invest in the city and overcome perception issues.

To put the state in context: New Jersey (9 million people) is about the geographic size of combined Northwest and Northeast Indiana Regions (1.6 million people). New Jersey has about 7,787 square miles of land mass with a population of approximately 9 million people, making it the most densely populated state in the country.

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<sup>1</sup> <http://www.njfuture.org/wp-content/uploads/2017/09/New-Jersey-Future-Demographic-Trends-by-Age-September-2017.pdf>

**New Jersey’s Proximity to major U.S. cities – Leveraging regional growth**

<b>City to City</b>	<b>Miles</b>	<b>Drive Time</b>	<b>Rail Time</b>
Hoboken to NYC Penn Station	5 miles	33 minutes	23 minutes
Jersey City Journal Square to NYC World Trade Center	4 miles	19 minutes	24 minutes
Newark Airport Station to NYC Penn Station	16 miles	35 minutes	28 minutes
Rahway to NYC Penn Station	23 miles	44 minutes	42 minutes
Asbury Park to NYC Penn Station	57 miles	1 hour 12 minutes	1 hour 46 minutes
Trenton to NYC Penn Station	68 miles	1 hour 18 minutes	52 minutes
Trenton to PHL 30 <sup>th</sup> Street Station	34 miles	42 minutes	27 minutes

\*source: Googlemaps

New Jersey leverages its proximity to New York City and Philadelphia. For example, New Jersey’s millennials are concentrated along the state’s waterfront in locations such as Hoboken, Jersey City, and Newark offering downtown communities and plentiful transit connections to New York City. In Trenton, developers built the Roebling Lofts, a redevelopment of a wire rope factory converted into lofts, to attract millennials to live in the City of Trenton with accessibility to New York City and Philadelphia.

**New Jersey Critical Infrastructure**

*The Port Authority of New York & New Jersey* was established on April 30, 1921. It was the first bi-state agency ever created under a clause of the constitution permitting compacts between states with congressional consent. The Port Authority of New Jersey New York (PANYNJ) has the third largest container port in the U.S. The New York New Jersey Port Authority manages the following:

- *Airports:* John F Kennedy Airport, LaGuardia Airport, Newark International Airport, Stewart Airport, and Teterboro Airport
- *Tunnels & Bridges:* Bayonne Bridge, Goethals Bridge, George Washington Bridge, Holland Tunnel, Lincoln Tunnel, Outerbridge Crossing

- *Bus Terminals*: Port Authority Bus Terminal, George Washington Bridge Bus Station, Journal Square Transportation Center
- *Port of New York & New Jersey Marine Terminals*: Port Jersey-Port Authority, Brooklyn-Port Authority, Elizabeth-Port Authority, Howland Hook, and Port Newark.
- *Port Authority Trans-Hudson (PATH)*: Journal Square Transportation Station and PATH Rail Transit
- *Real Estate and Development*: Bathgate Industrial Park, Ferry Transportation, Industrial Park at Elizabeth, The Teleport, Waterfront Development, Queens West Waterfront Development, and the South Waterfront at Hoboken.

*Commuter Rail*: The state has over 530 miles of passenger rail. Amtrak operates 110 trains each day with nine intercity services. New Jersey has six Amtrak stations. NJ TRANSIT operates 12 commuter lines. NJ TRANSIT is the nation's third largest regional rail service provider. Its commuter rail network consists of 11 lines and 162 stations primarily concentrated in northern New Jersey, with one line running between Atlantic City and Philadelphia (NJ Transit, 2013). In FY 2011, its total ridership was 79.6 million. It is interesting to note that Hudson County is the only county in New Jersey where more residents (127,708) used public transportation than drove (124,772).<sup>2</sup> New Jersey also has over 1,000 miles of freight rail.

### **Financial Assistance to support distressed cities**

New Jersey provides financial assistance or "Transitional Aid" to municipalities that struggle to balance their budgets.<sup>3</sup> In FY 2016 Asbury Park received \$1 million in transitional aid, which is down from \$10 million in FY 2011.<sup>4</sup> Other municipalities receive transitional aid including: Trenton, Camden, and Newark. Receipt of aid is conditioned on a municipality meeting the following requirements:

- Submitting to broad State controls over hiring, procurement, and other matters;
- Enacting or strengthening comprehensive pay-to-play ordinances;
- Performing reasonable revaluations or reassessments of property as required by law; and
- Submitting to additional fiscal control measures as may be directed by the Division.
- Only municipalities demonstrating substantial actions to become self-sufficient by increasing revenues or reducing costs will be awarded funds. Labor cost reductions and changes in service delivery are general preconditions for receipt of aid.<sup>5</sup>

### **Garden State Growth Zones**

Under the Economic Opportunity Act of 2013, five New Jersey municipalities are designated as Garden State Growth Zones. These cities are: Atlantic City, Camden, Trenton, Passaic, and Paterson. Overall, this creates incentives for businesses to relocate to these areas and to spur residential development. This law created two economic development incentive categories:

<sup>2</sup> "Amtrak Fact Sheet, FY2015, State of New Jersey" (PDF). Amtrak. November 2015. Retrieved 21 March 2016.  
Aerial map of Trenton Transit Center

<sup>3</sup> "NJ Transit Facts at a Glance Fiscal Year 2012" (PDF). NJ Transit. March 2013. Retrieved March 23, 2014.

<sup>4</sup> <http://www.njslom.org/presentations/budgeting-caruso010717.pdf>

<sup>4</sup> [http://www.state.nj.us/dca/divisions/dlgs/resources/muni\\_stateaid.html](http://www.state.nj.us/dca/divisions/dlgs/resources/muni_stateaid.html)

<sup>5</sup> [http://www.state.nj.us/dca/divisions/dlgs/resources/muni\\_st\\_docs/cy\\_model\\_mou.pdf](http://www.state.nj.us/dca/divisions/dlgs/resources/muni_st_docs/cy_model_mou.pdf) and

<http://www.areadevelopment.com/newsItems/1-18-2016/grow-new-jersey-assistance-program-600-jobs892332.shtml>

Grow New Jersey (job creation incentive program) and the Economic Redevelopment and Grow Program (a developer incentive program).<sup>6</sup>

### **New Jersey Amenities, Recreation & Lifestyle:**

- *Sport Teams:* New Jersey is the home of several major sports leagues including: the New York Giants (Football, East Rutherford), and the New York Jets (Football, East Rutherford), the New York Red Bulls (Soccer, Harrison), the New York Riveters (Women's Hockey, Newark), Blue Sky FC (Women's Soccer, Piscataway) and the New Jersey Devils (Hockey, Newark).
- *Jersey Shore:* New Jersey is well known for its Jersey Shore, which has beautiful sandy beaches and boardwalks with restaurants and amusements rides. The state has 130 miles of shoreline on the Atlantic Ocean. The state also has 12 national parks.
- *Education:* While U.S. News and World Reports ranks the State of New Jersey #2 for Pre-K through 12<sup>th</sup> grade education in the nation, and 28<sup>th</sup> for higher education.

The state took over Jersey City's school district in 1989 after education officials said the city's schools were failing. It was the first school system taken over by New Jersey's state government, which later took control of Newark, Paterson and Camden schools for similar troubles. In July 2017, state control of the Jersey City schools was released as well. Newark lost management of schools to the state in 1995, and is also beginning the process of being released.

### **New Jersey Affordability & Taxes:**

In the way that Indiana is affordable by comparison New Jersey is not. New Jersey has one of the highest income, corporate, property and sales taxes in the nation. The state is also one of two states that have estate and inheritance taxes.

- *Cost of Housing:* New Jersey in general has higher costs of living compared to Northwest Indiana. For example the median housing value in Trenton is \$107,200 and in Hoboken it is \$591,400.<sup>7</sup> The median price house in Northwest Indiana is \$142,400 according to Trulia.
- *Property Tax:* The New Jersey Business and Industry Association (NJBIA) has launched a campaign to make New Jersey more affordable. As such, NJBIA believes reining in the state's property tax is the right place to start. "According the state Treasury, the average property tax bill in NJ is \$8,100 or about 11% of the average household income. That represents 2.37% of the average home value;" whereas, the national average at 1.2%.<sup>8</sup> NJBIA's research indicates property taxes are high due to the state's spending on public health, public safety, and education.
- *Sales tax rate* is 6.8% as of January 2017, and the rate will decrease to 6.6% in 2018.

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<sup>6</sup> [http://www.njeda.com/getattachment/Press-Room/resources/Garden-State-Growth-Zones-Trenton/GSGZ\\_Trenton.pdf.aspx](http://www.njeda.com/getattachment/Press-Room/resources/Garden-State-Growth-Zones-Trenton/GSGZ_Trenton.pdf.aspx) and [http://www.njeda.com/financing\\_incentives/small\\_midsize\\_business/Garden-State-Growth-Zone-Business-Improvement-Ince](http://www.njeda.com/financing_incentives/small_midsize_business/Garden-State-Growth-Zone-Business-Improvement-Ince)

<sup>7</sup> US Census Bureau Quick Facts

<sup>8</sup> <https://www.njbja.org/three-reasons-njs-property-taxes-higher-everyone-elses/>

- *Income Tax*: New Jersey has a progressive personal income tax system. Meaning that as personal income rises above threshold levels, the tax rate rises as well. Example: at \$60,000 the state income tax rate is 3.2%, at \$100,000 it is 4.6%, at \$250,000 it is 6%.<sup>9</sup>

### **New Jersey's Economy:**

New Jersey has taken advantage of its proximity to New York City and Philadelphia by leveraging the financial services industry, participating in international trade and logistic services, and retaining the pharmaceuticals industry. Since the end of the recession, New Jersey has experienced three years of economic growth. Despite these conditions, the state exhibits the potential for dynamic economic growth. New Jersey is among the top states in median household income, and it is a favored location for major corporations with 19 Fortune 500 companies headquartered in the state.<sup>10</sup>

Dominant industries include: financial, technology, and advanced manufacturing sectors. For example Trenton, while heavily dominated by the government sector since it is the state capitol, has vibrant manufacturing, trade, and services sectors. Monmouth County (Asbury Park) has leveraged its proximity to New York City by marketing its 50 miles of beaches to city residents for a quick get-away bringing tourism dollars into the region. Finally, Hudson County markets itself as a lower cost alternative to New York City.

Purdue University Northwest calculated the Gross Regional Products as the following:

- Trenton - \$35.1 billion
- Hoboken - \$40.5 billion
- Asbury Park - \$35.5 billion
- Northwest Indiana - \$34.2 billion

Tourism also plays a significant role in the Garden State's economic development. A 2015 study conducted by Tourism Economics, an Oxford Economics Company, found the following:

- Despite casino closures and the impact of hurricane Sandy, tourism spending and demand has been rising for 6 straight years.
- Tourism contributed \$10.2 billion in government revenues in direct, indirect, and induced effects.<sup>11</sup>

*Institutions of Higher Learning*: New Jersey has more than 63 colleges and universities with three medical schools and 11 schools with STEM doctorates.<sup>12</sup> The most popular schools in NJ are Princeton University, Stevens Institute of Technology, Rutgers University, the College of New Jersey, and Rutgers Newark and Camden. New Jersey is a well-educated state where 34% of the population has bachelor's degrees and 30% of its workforce has graduate degrees or professional degrees compared to the national average of 10%.

<sup>9</sup> <https://smartasset.com/taxes/new-jersey-paycheck-calculator#fp0I7RzH6r>

<sup>10</sup> "Reseeding the Garden State's economic growth: A vision for New Jersey", July, 2017, McKinsey & Company (PDF)

<sup>11</sup> <http://www.state.nj.us/state/pdf/2015-nj-economic-impact.pdf>

<sup>12</sup> [https://njbmagazine.com/monthly\\_articles/takes-market-state/](https://njbmagazine.com/monthly_articles/takes-market-state/)

However, New Jersey has one of the highest levels of outmigration. The state lost more than 2 million residents from 2005 to 2014 equating to a loss of more than \$18 billion in net adjusted income from 2004 to 2013. Due to population loss, the state lost \$8.4 billion in household spending, \$11.4 billion in economic output, and 75,000 jobs. Additionally, in 2010, the state's congressional districts decreased by the loss of one seat.<sup>13</sup> Those leaving the state are retirees and millennials. Over two thirds of NJ residents said in a survey that they do not plan to retire in NJ.

The state has one of the highest outmigration of millennials. "In 2014, the number of millennials moving to the state fell short of those leaving, making for a net loss of 57,566 residents."<sup>14</sup> This has an impact on real estate and availability of skilled and educated workforce. NJBIA contributes the outmigration of millennials to the high cost of living: housing, taxes, car insurance premiums – making New Jersey a difficult place to start a career.

New Jersey Future contributes the loss of millennials to quality of place. New Jersey Future Executive Director Pete Kasabach says "that millennials are essential to the economic growth of New Jersey, so keeping them in the state should be a major concern for our government and business leaders. This generation wants to live near transit, near restaurants and bars, to be able to walk or bike to work. They are leaders living in a less car-centric lifestyle. We as a state need to think about how to attract and retain this generation."<sup>15</sup>

### **Perception of New Jersey:**

New Jersey faces similar challenges that our region faces as it relates to attracting people to live in New Jersey or Northwest Indiana. In many conversations with those in New Jersey there were similar themes related to investments in quality of place and overcoming perception issues related to public safety, corruption, quality of schools, environmental concerns, etc. New Jersey continues to work toward overcoming these issues in a variety of ways from marketing their state, working with their universities to reverse the brain drain, and making investments in quality of place to attract and retain people/talent and businesses.

Many organizations and leaders are working to overcome perception issues. Examples include:

- Have you met Newark? This is a company that has given tours of Newark to over 2,000 visitors showing institutions made famous by the HBO series "the Sopranos" and the movie "War of the Worlds." Also, the Greater Newark Convention and Visitors Bureau has been showcasing attractions like the Newark Museum and up and coming neighborhoods like Ironbound. Lauren Craig, who fell in love with Newark while attending law school at Rutgers, is publishing a Newark Guidebook called "100 Things to Do Before You Die." She calls herself a "glambassador" and is quoted saying "The perception of Newark being unfriendly, dangerous, dirty is something that has been ingrained in people for many, many years. I fight against that everyday."<sup>16</sup>
- Hidden Trenton - There is no Starbucks in Trenton. I/we are often asked, "Why would *you* want to live in Trenton?" The emphasis is on "you" because the questioners know we

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<sup>13</sup> <https://www.njbja.org/wp-content/uploads/2016/05/njbjaoutmigrationreport.pdf>

<sup>14</sup> <http://www.njfuture.org/wp-content/uploads/2017/09/New-Jersey-Future-Demographic-Trends-by-Age-September-2017.pdf>

<sup>15</sup> <https://njbmagazine.com/njb-news-now/census-data-shows-new-jersey-losing-millennials/>

<sup>16</sup> <https://www.usnews.com/news/best-states/new-york/articles/2017-07-05/tourism-in-newark-50-years-after-riots-city-says-its-time>

have a choice. This website is, in part, our answer. This is a grassroots effort led by people who were tired of reading reviews of restaurants that said “Did you dodge the bullets?” or “Hope you made it out alive.” The website is a review site to talk about all the fun and interesting places in and surrounding Trenton.<sup>17</sup>

- Jersey City’s “Make It *Yours*” Campaign: Jersey City was once described as “an unfashionable town named after an unfashionable state” has transformed into a gentrifying bedroom community. The City of Jersey City and the Jersey City Economic Development Corporation created a campaign to continue capturing this positive momentum and to encourage people to consider Jersey City a place to live, visit, and locate business.<sup>18</sup> The campaign had a budget of \$1.2 million when it started and includes print, digital, streaming and traditional radio, and outdoor and transit ads. Target markets are New York City, Brooklyn and Manhattan, along with Bergen County N.J. Jersey City has also found that the campaign has also attracted Midwesterners.

### **New Jersey’s Regional Coordination:**

Organizations collaborating to grow population, strengthen its economy, and leverage proximity to NYC and Philadelphia include:

- **New Jersey Business and Industry Association** exists to advance the competitive excellence and financial success of its members. Its vision is to reclaim New Jersey’s stature as the innovative state, the home of economic vitality, business prosperity, workforce skill excellence and a great quality of life so that NJBIA members can grow and sustain.<sup>19</sup>
- **Choose New Jersey:** Founded in 2010, Choose New Jersey is an economic development organization with a mission to encourage and nurture economic growth throughout New Jersey, with a focus on our urban centers.<sup>20</sup>
- **New Jersey Future:** New Jersey Future is a nonprofit, nonpartisan organization that promotes sensible growth, redevelopment and infrastructure investments to foster vibrant cities and towns, protect natural lands and waterways, enhance transportation choices, provide access to safe, affordable and aging-friendly neighborhoods and fuel a strong economy. The organization does this through original research, innovative policy development, coalition-building, advocacy, and hands-on technical assistance.<sup>21</sup>
- **PlanSmart New Jersey:** This is an independent, non-profit planning and research organization committed to improving the quality of community life through the advancement of sound land use planning and regional cooperation. PlanSmart NJ believes that thoughtful land use planning can strengthen its economy and environment to make New Jersey a better place to live, work and play.<sup>22</sup>

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<sup>17</sup> <http://hiddentrenton.com/about/>

<sup>18</sup> <https://www.nytimes.com/2014/10/06/business/media/a-new-effort-from-a-new-jersey-city-urges-make-it-yours.html?mcubz=2>

<sup>19</sup> <https://www.njbia.org/>

<sup>20</sup> <http://www.choosenj.com/>

<sup>21</sup> <http://www.njfuture.org/>

<sup>22</sup> <http://www.plansmartnj.org/about-us/>

- **Regional Plan Association (RPA)** works to improve the prosperity, infrastructure, sustainability, and quality of life on New York-New Jersey-Connecticut metropolitan region. RPA’s ideas include the location of the George Washington Bridge to the revitalization of downtown Brooklyn, Stamford and Newark to the preservation of open space and development of parks. The organization was created over 90 years ago.<sup>23</sup>
- There are also local and regional chambers of commerce working to attract business and people such as the Hudson County Economic Development Corporation, the Newark Regional Business Partnership, the Asbury Park Chamber of Commerce, and Greater Trenton.

### **Conclusions:**

NJBIA, NJFuture, PlanSmartNJ, and others have been working diligently to identify the root cause of issues and develop strategies to tackle these issues. Their advocacy regarding employer-employee relations, legislative reforms, and competitive business environment has gone a long way toward achieving those goals.

New Jersey has experienced success in the revitalization of cities like: Hoboken, Jersey City, Newark, Asbury Park, and Camden. The success is also evinced by the urban school districts reestablishing autonomy, reforms in the political landscape, and continued efforts to rebuild its infrastructure.

A report “Reseeding the Garden State’s economic growth: A vision for New Jersey” published by McKinsey & Company concluded New Jersey has room for improvement in the following areas:<sup>24</sup>

- Developing, attracting, and growing young businesses, which are seen as a high productivity job engine in contrast to the older industries.
- Streamlining regulatory processes, because the complexity is rather daunting for young companies. New Jersey has over 500 municipalities, each with its own rules for zoning and business regulation as well as county and state regulations, creating several layers of complexity.
- Addressing workforce imbalances as the skills of the labor force are well aligned with demand. The state needs to pay attention to developing middle skills.
- Introducing more transit-oriented development (TOD) as a way to cut congestion and improve neighborhoods. TOD typically raises real estate values in surrounding areas.
- Creating policies to stem the tide of the 18 – 35 year olds leaving New Jersey.

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<sup>23</sup> <http://www.rpa.org/about>

<sup>24</sup> “Reseeding the Garden State’s economic growth: A vision for New Jersey”, July, 2017, McKinsey & Company (PDF)

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