

URBAN IMPACTS OF DEVELOPMENT OF  
THE HACKENSACK MEADOWLANDS

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March 3, 1979

Report to Marshall Kaplan,  
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National Urban Policy  
U.S. Department of Housing and  
Urban Development

Order No. HUD-5173-79

This Report expresses the views of authors and does not necessarily  
represent those of the U.S. Department of Housing and Urban Development.

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SUMMARY

The Hackensack Meadowlands District consists of 19,730 acres of largely undeveloped tidal salt meadows and marshes in northeastern New Jersey within five miles of Manhattan. Although the area is in the jurisdictions of 14 local municipalities, since 1968 development has been regulated by the Hackensack Meadowlands Development Commission, a state controlled planning agency with seven commissioners appointed by the governor. Under HMDC's guidance, development has proceeded rapidly. Districtwide zoning and development control provide a stable and predictable environment for large scale corporate investment and public conservation. As a result, the area is being transformed from its former role as a regional transportation crossing and solid waste disposal area, to a mixture of urbanization and conservation. This rapid growth has substantial impacts, both positive and negative, on surrounding municipalities and their populations.

(1) Employment in the District has grown rapidly since 1970. By 1985, total employment is projected to reach 82,000, with 209,000 at full employment. The dominant activity is distribution and light industry, especially the former. Wage levels are low, which reduces the impact of local aggregate income. However, the jobs are especially important to cities with poor populations and high unemployment rates. Few opportunities have opened at higher job levels for minorities. Most of the enterprises locating in the District have moved from elsewhere in the region, about 75% relocating from New York City. No quantitative estimates of the associated job loss are available. In the absence of the Meadowlands opportunity these moves would still have taken place for the most part; their destinations would have been on the fringes of the metropolitan area or outside the region altogether.

(2) Retail Shopping centers have not yet been established in the Meadowlands, but several applications are in process. Competitive market considerations indicate that at least one new center would be commercially

successful and attractive to local populations. Significant diversion of sales would occur in the Bergenline Avenue shopping district, with negative consequences for populations lacking auto access, for local tax bases, and for the federal government should Small Business Administration loans go into default. Interconnected with shopping center development is the larger issue of commercial and office growth in the area. HMDC's plans for a substantial commercial and office center have been opposed, by the Regional Plan Association among others, as going beyond serving local needs and threatening the revival of older downtown cores in the region.

(3) Housing has been slow to develop. Less than 5% of the necessary units for the Master Plan's target of 125,000 people have been built. Localities in the area have strongly resisted subsidized or high density housing for fear of tax loss or infusion of minorities. Thus far, HMDC has had no impact in meeting regional low income and minority housing needs despite the evident growth of employment for these groups in the District. In part, this is due to subsidy regulations, but local hostility to such housing is a powerful factor.

(4) Transportation pressures from Meadowlands development, including the Sports Complex, have resulted in substantial congestion on the principal access routes. In 1976-77, no excess capacity remained on almost every major artery. High congestion levels have historically existed in this area, but pressure for transportation improvements will grow in the next few years. No source of capital for this purpose is now evident. Local officials are concerned that what funds are available for the region may be diverted into the Meadowlands at the expense of other communities. If this should happen, then the already powerful competitive position of Meadowlands sites would be enhanced, to the detriment of the surrounding cities.

(5) Fiscal impacts of development vary, according to locality. For the 14 jurisdictions within the District, a novel tax sharing arrangement provides modest equitable redistribution to make up for loss of development opportunities due to conservation. Municipalities outside the District receive no direct fiscal benefit. In some instances, such as the cities containing Bergenline Avenue, competitive retail sales losses may reach the point of threatening an important component of the tax base. Diversion of

development from those surrounding communities with available land is probable, but its scale and fiscal consequences cannot be quantified.

In order to respond to these impacts, we offer the following recommendations:

(1) President Carter's Executive Orders regarding the location of federal facilities and jobs and the targeting of federal procurement should be adhered to in northern New Jersey. The temptation by the federal government to utilize some of the available land in the Meadowlands should be resisted in favor of a commitment to saving the older central cities. The U.S. Postal Service has both a metropolitan bulk mail facility and a regional post office in the Meadowlands; these facilities might have been better placed in or near downtown Jersey City or Newark.

(2) HUD's Urban Development Action Grants should be targeted to cities and townships with serious fiscal and unemployment problems. The market for commercial and industrial development in the Meadowlands appears to be very strong for the foreseeable future, and thus Hartz Mountain would undoubtedly have proceeded to build their industrial park and shopping mall even if North Bergen had not received a \$2.75 million UDAG to extend West Side Avenue. A UDAG to help save the Bergenline Avenue commercial strip, given its key economic value to the low-to-moderate income (and heavily Hispanic) communities of West New York and Union City, should be a very high priority for HUD in the coming year. Provision of off-street parking appears to be especially important. In general, UDAGs are of greater use in places like Paterson and Elizabeth than in connection with Meadowlands development.

(3) HUD should use the leverage of its Community Development Block Grants to ensure that the Meadowlands communities absorb their fair share of low and moderate income elderly and family housing for Bergen and Hudson Counties, to help meet regional housing needs as called for in the HMDC Master Plan. The Office of Community Planning and Development and the Area Office in Newark should work together with the respective County Community Development offices, the HMDC, and community groups to encourage new construction of low and moderate income residential units in the Meadowlands and to support affirmative marketing to make sure that the units are racially integrated.

(4) In addition to the use of CDBG funds, HUD's housing strategy for the Meadowlands should include greater flexibility in the use of Section 8 and other subsidies, so that these subsidies can help finance a genuine income and racial mix within the framework of high-rise, condominium units, which are the predominant residential structures planned for the Meadowlands. HUD should also encourage the New Jersey Housing Finance Agency to adopt this same flexibility.

(5) The U.S. Department of Transportation should assist in helping meet the transportation needs outlined by HMDC in the Master Plan and in more recent studies. In particular, DOT should fund planning, development, and operation of greater public transportation between the Meadowlands employment areas and the older distressed cities where a large percentage of the region's unemployed are located.

(6) The U.S. Department of Labor should continue to support the Job Bank operated by the Meadowlands Chamber of Commerce with CETA funds, and should encourage local U.S. Employment Service offices and other training and placement centers to work more closely with the growing number of Meadowlands employers in an effort to place more people from nearby high-unemployment cities into Meadowlands jobs. Additional efforts should be made by DOL to encourage affirmative action in hiring and promotion within the Meadowlands, particularly of black and Hispanic people.

(7) The U.S. Department of Commerce and the Small Business Administration should promote and assist minority entrepreneurship within the Meadowlands, of which there is now virtually none. Other economic development efforts in the region should be focused on the older distressed cities, however, and not on the Meadowlands.

(8) The Environmental Protection Agency should assist the HMDC in finding new ways to meet the huge problem of solid waste disposal for the region. Disposing of 48,000 tons of garbage a week without further land-fill is going to be difficult and costly. Federal assistance will be beneficial to all area residents.

(9) Given the many actual and potential impacts of Meadowlands development discussed in this report, HUD should be prepared to make 701 Planning Grants available to places like Union City and West New York to help them analyze, plan for, and adapt to these impacts so that their communities can be improved rather than having their employment opportunities and current population displaced.

## I. INTRODUCTION: PURPOSE AND METHOD

Urban development on a massive scale has ramifications far beyond its immediate intent. Over the past ten years, we have begun to recognize and take into account how growth has affected people and communities in ways that were not anticipated or taken into consideration in critical decisions. Social and economic costs of urban redevelopment and highway building, no less than the environmental costs of major capital investments, need to be estimated and assessed if decisions about public policy are not to depend only on a lopsided consideration of direct costs and benefits. This report attempts such an assessment for a specific case, the urban development of the Hackensack Meadowlands area in northern New Jersey.

### PURPOSE OF THE REPORT

Our principal objective is to identify and measure the probable impacts of urbanization of this 19,000 acre tidal marsh area that lies within three miles of Manhattan. Despite its location, the area has remained largely undeveloped up to quite recently except for transportation routes and solid waste disposal. It is ringed by existing urban development, including older cities with difficult problems, such as Newark and Jersey City, and newer suburban communities. Our main concern is to identify, document, and wherever possible, begin to estimate the consequences of urbanization of this huge area for the surrounding urban areas occupied by low income and minority populations.

For this purpose, we have identified five critical areas of impact. They are employment, retail sales, housing, transportation, and the fiscal base. For each of these topics we seek to identify the main features of what is happening in the Meadowlands District and the surrounding localities. The specific consequences of development for urban areas within the region of influence are then traced out so far as possible given our very limited time and resources for data collection



and analysis. On the basis of the analysis, we then suggest Federal actions and strategies that might enhance the development's positive consequences and mitigate its negative ones.

In looking at urban impacts, we have been especially concerned about two problems. First, we have tried to bring to the fore those impacts of particular importance to special groups identified in national policy, for example, the low income, elderly, minorities, and women. Limitations of time and information have made this task especially difficult in terms of measurement, but the concern has pervaded our overall approach to the analysis. Secondly, we have attempted, whenever possible, to identify the extent to which shifts rather than net growth have occurred or are likely to occur. To the extent that development implies growth at the expense of other urban centers in the region, then its indirect impacts may be especially harmful.

#### METHOD

This study is a reconnaissance carried out under stringent limitations of time and effort. The methodological approach reflects that constraint. Three sources of information were employed. First, we examined the scanty literature on development of the Meadowlands, and combed newspaper files in order to develop a coherent picture of the nature and form of the development process and the political environment in which it has functioned. Second, we interviewed a substantial number of people who are knowledgeable about aspects of the Meadowlands and its impacts. The respondents were diverse, including planners, developers, and business interests within the District, and political officials, planners, business people, and interest group leaders and advocates in the surrounding localities and the larger New York Region. Most of the interviews were conducted in person during a short visit to the area, which also allowed us to look at the District and its surroundings. The third source was previously-gathered data on the District and potentially impacted communities, which was partly provided by the Hackensack Meadowlands Development Commission (HMDC) and partly drawn from multiple sources including the U.S. Census, planning consultant reports,

County tax and housing reports, local city budgets, and regional planning agency reports.

These diverse bodies of information have been synthesized into as coherent a picture as we can produce, structured around the five principal types of impacts that we identified. We have sought to be as accurate and specific as possible for each form of impact. However, the size of the area and the numbers of cities involved would make a complete analysis a giant task. To calculate impacts for individual cities or for particular population groups is especially difficult in view of the fact that the Meadowlands District comprises parts of 14 jurisdictions, has upwards of 20 more immediately adjacent, and could potentially affect many more. Our resources simply did not allow for detailed city-by-city analysis. Thus, in a number of instances we have used aggregate estimates or estimates for a limited number of cases to illustrate a point. The result is incomplete, but we feel that it represents a reasonable first look at what must be a difficult and contentious subject.

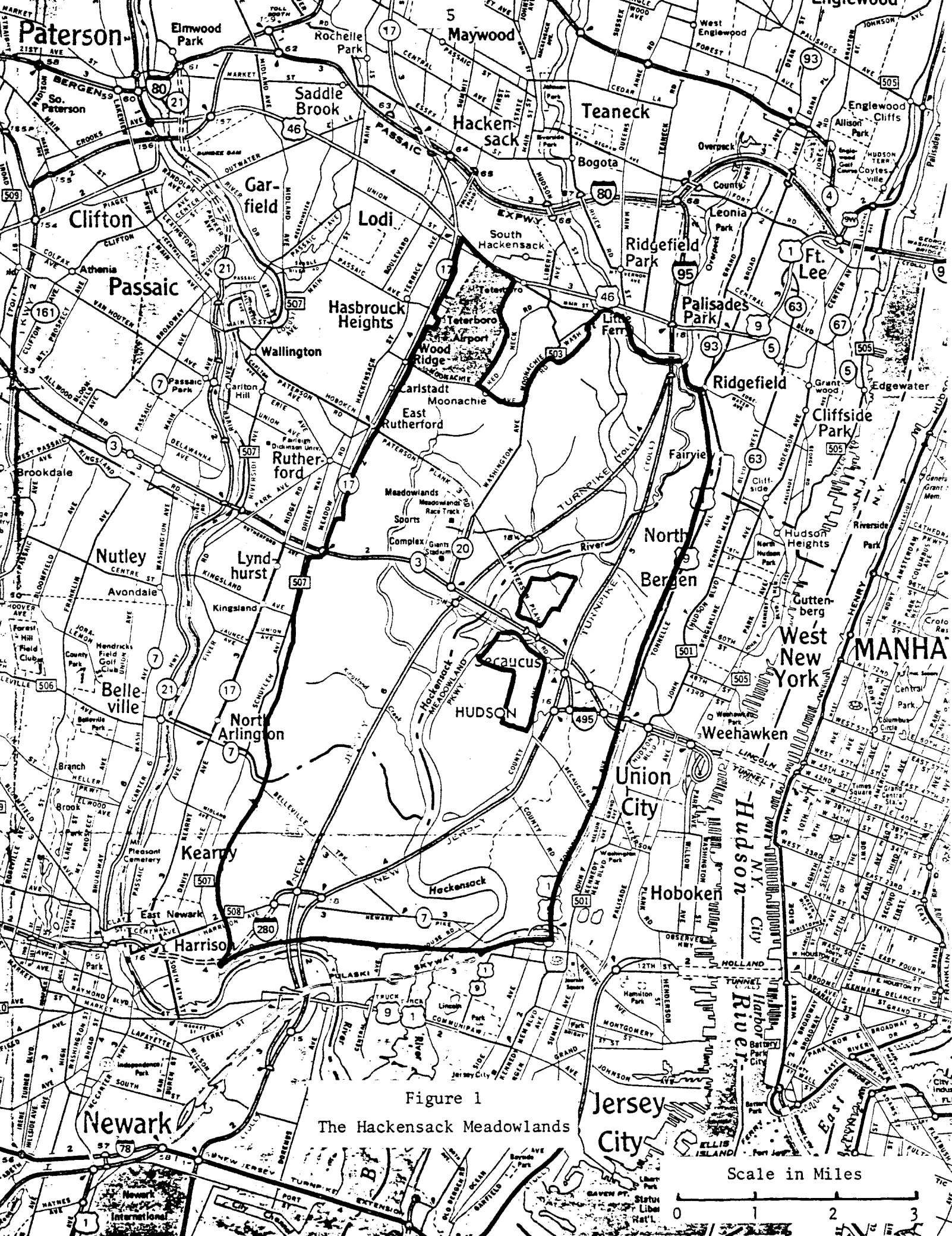
The report includes in the next section a short summary of the development of the Meadowlands with particular emphasis on the creation of HMDC and the subsequent events. The succeeding sections take up each of the five impact areas in turn. It concludes with a final assessment and recommendations.

## II. THE HACKENSACK MEADOWLANDS

The area now known as the Hackensack Meadowlands District consists of 19,730 acres of primarily undeveloped tidal salt meadows and marshes in northeastern New Jersey. At the center of the District flows the Hackensack River, and the area is bounded by 14 Hudson and Bergen County municipalities, from Teterboro and Ridgefield in the north to Kearny and Jersey City in the south (see Figure 1).

Periodic tidal inundation and flooding from the Hackensack River have prevented the Meadows from being developed in the past. In 1868, ambitious developers lined 5,000 acres of land along the river with iron dikes, but nature defeated even this massive reclamation effort. As a result, the Meadows has been used primarily as a crossroads for highways and rail lines, and as a regional garbage dump. Railyards, truck terminals, utility conduits, fuel storage tanks, radio antennas, and junkyards dot the landscape. In addition, literally thousands of acres are piled high with the garbage from the surrounding New Jersey and New York municipalities. By the early 1970s, the amount of solid waste being dumped in the Meadowlands had climbed to more than 48,000 tons a week.

Beginning in the 1950s, some areas of the Meadows began to attract single-story industrial warehouses. The warehouses added a new chapter to the Meadowlands story, in that they contributed considerable tax ratables to the municipalities in which they were located. Local politicians encouraged this type of development as being both politically popular and personally lucrative. The extent to which mayors as businessmen personally benefited from construction contracts, realty and insurance fees, and other business endeavors connected with the warehousing and waste disposal activities, as well as the extensive campaign contributions which poured in from Meadowlands developers, ensured that local officials would continue to be strong advocates of "home rule" in the face of any state encroachment on their zoning and taxing powers. New Jersey State Treasurer Clifford Goldman describes this political and financial nexus in his 1975 Princeton University Ph.D. dissertation, "The



Hackensack Meadowlands: The Politics of Regional Planning and Development in the Metropolis." Local mayors were a major obstacle to the creation of a regional authority in the Meadowlands, and they continue to be a source of considerable opposition to many of the HMDC's policies.

#### THE ORIGINS OF THE HMDC

Studies of reclamation of the Meadowlands and land-use plans for the reclaimed lands date back through three state commissions beginning in 1896 and a Regional Plan Association proposal in 1930. But serious efforts did not get underway until the United States Congress authorized the Army Corps of Engineers to study flood control for the Hackensack River in 1958, with the actual appropriation of funds finally coming through in 1962. In the interim, the New Jersey Division of State and Regional Planning began to do work on the Meadowlands, and helped create in 1960 a Meadowlands Regional Development Agency, composed of local citizens with a Mayor's Advisory Committee. The MRDA was little more than a study group with no mandate to support regional planning, and mainly existed to satisfy the Corps of Engineers, who insisted on a regional land-use plan for the Meadowlands in order to measure the benefits of future development that would come about as a result of flood control and reclamation.

The federal government also gave a boost to regional planning efforts by giving two sizable grants (the first was for \$100,000) to the Division of State and Regional Planning for their Meadowlands studies. These grants were from HUD's predecessor, the Housing and Home Finance Agency. New Jersey Governor Richard Hughes and the state legislature followed up in 1963 by creating the Commission To Study Meadowlands Development (headed by former Governor Robert Meyner), and in the next four years one more public commission plus a private committee of prominent Democrats also probed the issue for the Governor.

Not all of the state and local interest in the Meadowlands issue was a result of the Corps, however. The immediate impetus for the Meyner Commission was the need to resolve the dispute over the ownership of New Jersey wetlands that came about as a result of a 1961 Superior Court decision. This decision resulted from an English common law doctrine that held that the state of New

Jersey, as sovereign (in lieu of the English Monarch), owned all lands flowed by the mean high tide. When the Court ruled that a parcel of the Meadowlands belonged to the state rather than to the private holder of record, ownership of all Meadowlands property and other marshlands was suddenly called into question. This dispute caused great confusion and political battling both between the state and private parties and between the state and local governments who claimed ownership of large chunks of the Meadowlands. The unresolved wetlands issue was to prove critical in the New Jersey legislature's passage of the legislation creating the HMDC.

Three people were vital to the passage of the Hackensack Meadowlands Development Commission legislation on the final day of the New Jersey legislative session in November, 1968: Commissioner of Community Affairs Paul Ylvisaker, State Senator Fairleigh Dickinson, Jr., and Governor Richard Hughes. Ylvisaker left his job as Urban Affairs Director of the Ford Foundation to head up the newly created New Jersey Department of Community Affairs in March, 1967. He immediately took a strong position on the Meadowlands issue, and two months later the first bill to create a regional authority, the Hackensack Meadowlands Reclamation and Development Act, was introduced in the State Senate by Senator Alfred Kiefer from Bergen County with Ylvisaker's backing. Ylvisaker was the leading advocate of regional public planning and development in the Meadowlands throughout the entire year-and-a-half debate in the legislature, and even after the HMDC was created he served as its first chairman and biggest booster.

The Kiefer Bill did not pass, but it did succeed in raising the level of public debate, chiefly through Ylvisaker's efforts and that of the Bill's many supporters, including newspapers like the Bergen Record and organizations like the Regional Plan Association. Kiefer himself, who had introduced the Bill to fulfill a campaign pledge, was defeated for reelection in November of 1967 by Fairleigh Dickinson, Jr. The Meadowlands was not an issue in the campaign, however, as Dickinson was an even stronger supporter of regional planning in the Meadowlands than was Kiefer. Dickinson, a wealthy and prominent "good government" Republican whose father founded Bergen County's most famous university, immediately became the leading advocate of the HMDC within the New Jersey legislature. This was very important,

because the November elections had wiped out the two-to-one Democratic majority in both houses and replaced it with three-to-one Republican majorities in both houses.

Ironically enough, it was the Republican sweep which ultimately made possible the passage of the Meadowlands legislation. Because, as noted above, the local mayors from Bergen and Hudson Counties were bitterly opposed to a regional authority, and state legislators in New Jersey are particularly beholden to their local party machines, Meadowlands legislation could only pass with substantial support from other parts of the state to offset the local opposition. The minority of Bergen and Hudson County state legislative supporters of the regional authority, such as Senator Dickinson, needed to be able to trade their votes with legislators from elsewhere in the state on some issue of interest in exchange for Meadowlands support. The issue was the wetlands title controversy. Republican legislators from the southern coastal counties had tried during the previous legislative session to place a Constitutional Amendment on the ballot that would essentially renounce the state's claim to ownership of the wetlands, but were unable to muster the necessary three-fifths majority in both houses. Governor Hughes was vigorously opposed to the measure, as it would involve the giving away of more than a billion dollars of possible state-owned land that was held in trust for the public school fund. Between 1965 and 1967 the Democrats controlled the legislature, so the Amendment was effectively stymied. But with the Republican landslide in the fall of 1967, the prospects for an Amendment looked very bright if a broad coalition of support could be organized. Thus was the Meadowlands/wetlands Amendment trade-off effectuated. On April 29, 1978, both the Dickinson Meadowlands Bill and the wetlands Amendment ballot measure (SCR-41) passed the New Jersey State Senate unanimously.

In addition to the Corps of Engineers and the wetlands trade-off, there were other important bases of support for a Meadowlands authority and arguments in its favor. To begin with, reclamation of the Meadowlands would require a major public investment, and many people felt the investment would not be justified unless the subsequent land-use patterns were something other than truck terminals and garbage dumps. The local mayors had time and again proved to be totally opposed to any real inter-municipal cooperation save for one county-wide sewage treatment facility, and even then the town in which the

facility was located complained bitterly about the loss of taxable land. Each mayor and local political clique simply wanted to maximize personal and public revenue by grasping whatever economic activity came their way. Housing, open space, recreation, and environmental clean-up were all opposed. The fact that garbage dumps and warehouses provided few if any jobs was of less concern than the property taxes and campaign contributions that flowed in. In some ways the lack of jobs in the Meadows was seen as an advantage by local townspeople, because jobs might bring new residents who just might be unwanted racial and ethnic minorities. This was a constant fear, and even a referendum to build a race track on the "Mori tract" in their community was defeated by Secaucus voters in 1967 partly due to fear of an influx of blacks.

Through the efforts of Ylviskaer, Dickinson, Hughes, the local press and news media, and middle-class good government and environmental groups, the need for a regional authority in the Meadowlands was posed as a battle between the "public interest" and narrow-minded, local special interests. In addition, large corporate developers supported the Meadowlands authority because they stood to gain substantially from large-scale reclamation and coordinated land-use planning efforts, as Hartz Mountain and other big developers have subsequently proven. Labor organizations also supported the Meadowlands legislation because of the prospect of increased construction and long-term jobs, and minority spokespersons likewise were interested in jobs, housing, and the possible economic revitalization effects Meadowlands development could have on the surrounding older urban areas. This last prospect was certainly the vision of Ylvisaker, who called for the HMDC to be a "TVA-like" authority, and of the Regional Plan Association, who voiced a strong concern for the health of Newark, Jersey City, Paterson, Passaic, and other older centers. Obviously, air and water pollution abatement, open space, recreation, jobs, housing, and other goals of HMDC supporters were in some cases mutually incompatible. But a careful political and media balancing act was able to hold the coalition together through the legislative battle, whereas the local mayors, united only by what was seen as parochial negativism, ignored the public relations front and concentrated all their forces on maneuvering in the State Assembly.



Republican Assemblymen from Bergen County succeeded in bottling up the Dickinson Bill in the Republican Caucus. Their boycott was so total that the legislation had to be sponsored by an Assemblyman from Essex County, which was not even part of the prospective Meadowlands District. Hudson County's Democratic legislators seemed willing to support the Bill in exchange for their long sought-after racetrack, but the key battle had to be waged in the Republican Caucus. In mid-summer 1967 the situation looked hopeless.

Goldman recounts the dramatic events that led to the passage of the Dickinson Bill: the sudden switch from opposition to support by the Assembly Majority Leader after he was allegedly double-crossed by Bergen Republican politicians in his unsuccessful Congressional race in November; the passage by the Assembly of a substitute Bill which deleted 5,000 acres from the Meadowlands District according to the wishes of powerful local landowners; Governor Hughes' highly publicized veto of the substitute bill; the Army Corps of Engineers' declaration that passage of the substitute bill would mean loss of federal flood-control aid; Hughes' politicking to bring the Hudson County delegation into line; and the passage of the original Dickinson Bill by the State Assembly on the very last day of the 1968 legislative session, with virtually no votes to spare.

SCR-41, the wetlands Amendment ballot measure, also passed. But in April of 1969 Governor Hughes dredged up a scandal involving the sponsor of the measure, so embarrassing to the Republican leadership that the legislature subsequently withdrew the measure so it would not be an issue in the fall elections. The key trade that brought about HMDC ended up being no trade at all.

#### THE HACKENSACK MEADOWLANDS DEVELOPMENT COMMISSION

The Hackensack Meadowlands Development Commission (HMDC) began operations in early 1969. It consists of seven commissioners, six of whom are appointed by the Governor and confirmed by the state Senate. Of these six, two are residents from the ten Bergen County towns in the Meadowlands district, two are from the four Hudson County towns, and one each is from anywhere in Bergen and Hudson Counties. The seventh commissioner is ex officio the State

Commissioner of Community Affairs. The Governor also appoints the Chairman of HMDC; Hughes appointed Ylvisaker, and since then by tradition every Community Affairs Commissioner has also been Chairman of HMDC. The six resident-commissioners serve overlapping five-year terms.

The mayors of the 14 municipalities comprise a Municipal Committee that can veto major HMDC decisions, but the Commission can override the Municipal Committee with a vote of five commissioners, so HMDC has the final say.

The Meadowlands Act gave HMDC the power to adopt a master plan and zoning ordinance, subdivision regulations, building codes, waste disposal and environmental regulations, to condemn land, issue unlimited debt, and engage in revenue-raising projects including solid waste disposal facilities and other types of public development. HMDC cannot levy ad valorem taxes, but can charge user fees and make special assessments for benefits conferred. In addition, the Commission administers an intermunicipal tax-sharing account, whereby 30% of the property tax ratables for new development in the jurisdiction of one of the municipalities is divided among the other 13 according to the amount of acreage each has in the Meadowlands district. The amount shared will increase to 50% beginning in 1980.

Due to the narrow passage of the Meadowlands Act and the strong opposition to the exercise of its legal prerogatives, the actual power of the HMDC is considerably less than it appears on paper. During its first year of operation, the prestige of Ylvisaker combined with enthusiastic backing from Governor Hughes enabled the HMDC to pick commissioners, organize its staff, and get off to a fast start on land-use regulations. The HMDC announced Stage I of its land-use plan in November of 1969, which froze development beginning in May, 1970 for up to two years thereafter on 10,000 prime acres of Meadowlands. On another 2,500 acres, development was permitted to continue because the land uses were already predetermined by existing neighboring uses. The remaining acreage consisted of waterways, marshes, and landfills. Stage I survived a court test, and during this period the HMDC also won a major battle against further dumping of solid waste on the state-owned lands now known as the Sawmill Creek Wildlife Management Area. This fight against the municipalities of Lyndhurst and Kearny and the dumping companies with whom they had signed long-term contracts after the Dickinson Bill became law was won, however, only after two unexpectedly severe floods undercut the

dumpers' legal position, thus emphasizing at an early stage the fragility both of the state's ownership claims and the HMDC's regulatory powers. That battle also put HMDC in direct conflict with a more powerful state agency, the Department of Environmental Protection. This was but one of many examples of the bureaucratic, political, and economic forces that were to repeatedly stifle HMDC efforts.

In November, 1969, Governor Hughes' second term expired, and he was succeeded by a Republican, William Cahill. Thus the beginning of 1970 saw the departure of Hughes, and with him, Ylvisaker. Governor Cahill was not an outright opponent of HMDC, but neither was he an enthusiastic supporter. He cut its budget so it could not engage in independent projects and had to rely on legislative appropriations. The reason for this financial dilemma was that HMDC was immediately challenged in court by the local municipalities, and during the four years until the New Jersey Supreme Court ruled in HMDC's favor, the Commission was unable to issue any bonds. By the time the legal suit was settled in 1973, the HMDC was controlled by a Chairman and Executive Director beholden to Governor Cahill, who had no interest in the HMDC engaging in direct land development or other revenue-producing projects. Cahill also eliminated HMDC's independent legal counsel and forced it to rely on an unsympathetic Attorney General's office, and often sided with other agencies and interest groups in their fight to keep the HMDC from using its many powers.

While Cahill was hostile to HMDC as a developer, he did support their efforts at land-use regulation, perhaps because it was clear by this point that large developers had much to gain from a regulatory process that superseded the individual municipalities. Richard Babcock, a land-use lawyer famous for pioneering the concept of broad super-zoned Planned Unit Developments (PUDs), drew up HMDC's zoning ordinance, with TVA's David Lilienthal consulting on engineering and Real Estate Research Corporation's Anthony Downs studying the land economics. The Chief Engineer Richard Harries, had held the same position in the state's largest private construction firm, and the chief planners were Bob Ryan, Chairman of Gulf Oil's Reston Corporation (developer of Reston, Virginia) and Dan Coleman, who had worked for Ryan on Reston, for Alcoa, and for other large corporate developers. Hartz Mountain Industries made its first large purchase of land in the Meadowlands in early 1969, just shortly after the HMDC was created.

The Commission's Comprehensive Land Use Plan, drawn up by Coleman and Ryan, and the zoning ordinance drawn up by Babcock, fully accommodate the perspective of the large-scale corporate developer. The entire central portion of the Meadowlands, the best and most buildable land, is zoned for Specially Planned Areas (SPAs), which are huge tracts of land designated to be developed primarily by one big developer or company. Proposals for developing the SPAs are first reviewed by a Development Board consisting of the Executive Director and Chief Engineer of HMDC, two commissioners, and the local mayor in whose municipality the project will be located. But the full HMDC has the power to overrule the Development Board.

The Comprehensive Land Use Plan was unveiled in late 1970 with Governor Cahill's full backing, and the proposed District Zoning Regulations came the following year. Both of these documents were subjected to extensive criticism and comment during 1971 and 1972. The original plan called for an eventual population in the Meadowlands of 200,000 people by the year 2000, with large amounts of office space in the District, but after considerable protest from the Regional Plan Association, local townspeople, and environmental groups, the residential and office components of the plan were scaled back. Instead, more land was slated for conservation, recreation, and open space. The final Zoning Map and acreage breakdown of permissible land uses was adopted on November 8, 1972. But this has been subject to considerable change since that time (see Table 1). As we point out in our Housing section (see below), political pressures have forced the HMDC into further de facto cuts in the amount of housing to be built in the Meadowlands, unless counter pressures can be orchestrated by the state and federal governments, the courts, and local fair housing groups. Similarly, our Retail Shopping Development section (see below) discusses the considerable corporate pressures which may yet bring about vast increases in Meadowlands development of retail trade and office facilities over and above what is called for in the Master Plan.

One prime piece of land in the central portion of the Meadowlands that got away from both the corporate developers and the HMDC is the large parcel northwest of the intersection of Route 3 and the western spur of the New Jersey Turnpike, which now houses Giants Stadium and the Meadowlands Race-track. Governor Cahill was committed to emasculating the HMDC's development

Table 1  
Proposed Land Use Distribution in the Meadowlands

<u>Type of Land Use</u>	<u>Zoned in Acres<sup>a/</sup></u>
Marsh preservation. . . . .	2,210
Water . . . . .	1,400
Waterfront recreation . . . . .	80
Park and recreation . . . . .	855
Berry's Creek Center. . . . .	280
Low density residential . . . . .	225
Island residential. . . . .	1,120
Parkside residential. . . . .	970
Highway commercial. . . . .	385
Service highway commercial. . . . .	60
Research park . . . . .	615
Research distribution park. . . . .	745
Light industrial (A). . . . .	1,970
Light industrial (B). . . . .	2,305
Railroad. . . . .	400
Public utilities. . . . .	275
Heavy industrial. . . . .	1,070
Sports complex. . . . .	750
Special use . . . . .	610
Transportation centers. . . . .	205
Airport facilities. . . . .	670
Turnpike and limited access . . . . .	2,100
Local roads . . . . .	430
Totals	19,730

SOURCE: HMDC Zoning Regulations, 1975.

Notes: <sup>a/</sup> Some totals have since been changed.

powers, and so in 1971 when the New York Giants football team expressed an interest in moving to New Jersey, Cahill created an independent authority to build the stadium and surrounding facilities. Senator Dickinson and the HMDC protested vigorously, but Cahill wanted to firmly control the new authority, which he did through his State Treasurer and Attorney General, both ex officio appointments to the New Jersey Sports and Exposition Authority's Board, as well as through his other appointments. Cahill's State Treasurer, Joseph McCrane, who is the son-in-law of Eugene Mori (who tried

for years to build a racetrack on his Secuacus property, only to finally sell it to Hartz Mountain as the site for their new proposed shopping mall), was later convicted of tax fraud for allowing companies who had contracts and financial dealings with the Sports Complex and the Authority to make illegal campaign contributions to Governor Cahill. The engineering firm that held the design contract for the Sports Complex was also indicted, as were officials of the Garden State Racetrack, which is owned by Eugene Mori. Despite the air of scandal surrounding the Sports Authority, vehement opposition by environmental and taxpayer groups to the project, which took the form of several state and federal lawsuits, and serious problems in marketing the Authority's bonds (ultimately the state had to back them with a "moral obligation" pledge), the Stadium and Racetrack eventually got built. In 1977, the first full year of operation, the Racetrack proved to be such a lucrative moneymaker that the Authority recently refinanced its debt at substantially lower interest costs. The state receives several million dollars from the Racetrack surplus, a small amount of which goes to finance HMDC operations. Now there are plans to build a nearby indoor arena for basketball, hockey, conventions, and concerts. The usurping of the land by the Sports Authority has been a continual headache for HMDC, causing enmity from environmental groups, distorting the Master Plan, and bringing considerable traffic congestion, particularly along Route 3. This latter point is very important, because it may force the HMDC to abandon its plans to locate the Meadowlands' "downtown" commercial center across Route 3 from the Sports Complex at Berry's Creek. Some people argue, however, that the Stadium and Racetrack have given the Meadowlands a new, more positive identity, and that the HMDC should be grateful for the private development that the Sports Complex has helped stimulate.

One interesting consequence of the stripping away of HMDC's development powers is that it helped extricate HUD from its early involvement in potential Meadowlands residential development. HUD in early 1972, under the New Communities program, agreed to guarantee up to \$50 million in loans to underwrite HMDC development projects and stimulate private investment. This guarantee by the Office of New Communities was contingent on the New Jersey Supreme Court approving the constitutionality of the Meadowlands Act. By the time the Court did so in 1973, of course, the HMDC was in no position to carry out development projects, so HUD was off the hook.

With regard to the garbage issue, HMDC has made some progress. The Meadowlands, as mentioned earlier, had been the traditional dumping ground for northern New Jersey and many New York residents as well. Half of New Jersey's solid waste resides on the giant landfills that have utterly destroyed much of the salt marshes and wetlands. So many municipalities and waste disposal companies depended on the Meadowlands as a dumping ground that an amendment was added to the Dickinson Bill by State Senator William Musto of Union City requiring the Meadowlands Commission to be responsible for the solid waste disposal of the surrounding communities. If HMDC was to stop the dumping, they had to find an acceptable alternative.

The first step was to try and slow down the dumping. HMDC fought a vigorous battle with Lyndhurst, Kearny, and two disposal companies to save the large Kingsland-Sawmill Marshlands from being overrun with fill. In this as in many other instances, HMDC found itself at odds with the State Department of Environmental Protection, but through a combination of fortuitous circumstances, HMDC prevailed. The Commission staff then developed a proposal to build one giant incinerator on an old utility site that could also serve as a recycling center and electricity generator, but this development idea was vetoed by Governor Cahill's political advisor, State Treasurer Joseph McCrane. McCrane, Cahill's preeminent fund-raiser, was well-connected to the Bergen County Republican waste disposal businessmen, and did not want to exclude them from any alternatives to dumping. One of these businessmen had an idea to develop a trash compactor and industrial baler (for selling transportable fill), and this is precisely the approach that HMDC has now adopted, along with an effort at recycling and resource recovery systems. In the meantime, the garbage has continued to pile up ever higher, though HMDC certainly has done everything in its power to halt the dumping.

With regard to other environmental objectives, HMDC staff wrote a sound water pollution plan to save the Hackensack River, but responsibility for the plan was taken away from HMDC and given to Bergen and Hudson Counties. The river in the past few years has shown visible signs of improvement, largely due to HMDC's catalytic role. Air quality has also improved as the chemical plants were driven away from the Meadowlands, though of course new development and increased traffic still take their toll in pollution. Much

of the marshland has been conserved and some forms of wildlife are making a comeback. Recreation continues to be underdeveloped, however, because HMDC was essentially cut out of the state's "Green Acres" program and has had little money to develop any parks, though one new park has been created and another may be on the way. And the final irony is that the flood control program, which was the original rationale and strongest argument in the legislature for creation of the Meadowlands Commission, has never been implemented. Congress decided not to authorize the money, and the Army Corps of Engineers vanished from Hackensack's view.

Ylvisaker's tenure as Chairman of HMDC lasted for less than one year. His replacement as HMDC Chairman and as Commissioner of Community Affairs was Edmund Hume, who proved to be ineffectual and soon fell out of favor with Governor Cahill. He was replaced in the spring of 1972 by Lawrence Kramer, then and now the Mayor of Paterson. With the accession to office of Governor Brendan Byrne in January of 1974, Kramer was replaced by Patricia Sheehan, former Mayor of New Brunswick. Sheehan lasted until December of 1978, when in a political shakeup Byrne appointed Joseph Lafante of Hudson County as Commissioner of Community Affairs (and thus Chairman of HMDC). Sheehan did not disappear from the Meadowlands scene, however. Byrne arranged for the Commission to hire her as Executive Director. She is said to be more sympathetic to putting low and moderate income housing in the Meadowlands than her predecessor, William McDowell, but she is also a loyal Democrat who toes the Brendan Byrne line.

Clifford Goldman, also now on the Byrne team as State Treasurer, was a young Ylvisaker protege in the Department of Community Affairs in 1969 when he was picked by his boss to head the HMDC staff as Acting Executive Director. Goldman remained in this position all the way until 1972, because the Democratic-controlled Meadowlands Commission at first refused to accede to Governor Cahill's wishes and appoint a permanent executive director to his liking. When they finally did appoint a Republican director in January of 1972 (after Goldman resigned), it was from their own ranks. William McDowell, as the Republican Mayor of North Arlington in 1967-68, had been the only mayor from a Meadowlands community to support the Dickinson Bill, and was rewarded by Governor Hughes with an appointment to the Meadowlands Commission. In 1972 the HMDC hired McDowell as Executive Director, and he



remained in this post until finally being forced out by Byrne (to make way for Sheehan) last December. McDowell is now working for Terminal Construction, owner of the large Empire Industrial Park in the Meadowlands.

### III. EMPLOYMENT IMPACTS

The recent economic stagnation of the New York region and the Northeastern U.S. has elevated economic development and employment to primacy among concerns of low income communities. For this reason, we deal with it first. This section begins with a summary of the employment consequences of the development of the Meadowlands up to 1978 and an assessment of probable future directions. We then examine the current and potential impacts of this development for surrounding low and moderate income communities.

#### EMPLOYMENT DEVELOPMENT

The single most striking feature of recent and planned Meadowlands development is the transformation of the area into a major center for employment in northern New Jersey. Although there was considerable employment within the area before 1970, subsequent growth has been dramatic. Since 1970, the total number of jobs in the area has increased from year to year, depending upon demand and the rate of completion of major new capital investments by industrial developers. According to HMDC estimates, in no year since 1972 have fewer than 1,700 new jobs been added (see Table 2). HMDC projects that total employment in the area will grow to 82,000 by 1985, with an ultimate total at full development of 209,000. The 1982 projection appears reasonable in the light of construction that is planned and currently underway. The full development figure is certainly feasible.

Table 2  
Annual Increments in Meadowlands Jobs, 1971-1978

<u>Year</u>	<u>Number of Jobs</u>
1971. . . . .	920
1972. . . . .	4,918
1973. . . . .	5,914
1974. . . . .	3,255
1975. . . . .	2,773
1976. . . . .	3,020
1977. . . . .	1,734
1978. . . . .	2,980

SOURCE: HUD Estimates

In contrast with general trends in the metropolitan area, new Meadowlands employment is predominantly in light industry and distribution. Some 76% of total jobs in the area in 1975 fell into this category (see Table 3). The largest part of this employment appears to be in warehousing and distribution. Manufacturing does occur in the area, but to a lesser degree. If one or more planned shopping centers are built, several hundred more commercial employees may be anticipated in the next five years, a development that will be reinforced by further residential development. A major development in the core of the area could bring with it substantial new office development, but large scale growth in this sector is probably some time off.

Table 3  
Sectoral Distribution of Meadowlands Employment, 1975

<u>Sector</u>	<u>Employment</u>
Heavy industrial. . . . .	6,900
Light industrial and distribution . . . . .	44,000
Commercial. . . . .	27,700
Office. . . . .	3,900
Total	57,500

SOURCE: HMDC estimates

The dominance of warehousing-distribution and light manufacturing affects the demand for labor in the Meadowlands area. Firm data are unavailable, but informed respondents were unanimous in their assessment of the available jobs as being predominantly low-wage, and offering little opportunity for advancement. Turnover is substantial and skill levels relatively low. Forty percent of employees are women. Of course, management and office functions require higher skilled, higher paid workers, but in this sector they do not constitute a large proportion. Future retail development will not alter this pattern.

In the light of the prevailing demand, it is not surprising that the great preponderance of employees are drawn from the immediately surrounding communities. An HMDC transportation study estimated that some 40% live in communities within or adjacent to the Meadowlands district. About 17% travel from east of the Hudson River. Lower wage jobs in the distribution sector tend to be held by residents of the immediately adjacent older centers, such as Jersey City, Patterson, Passaic, and Newark. Higher skilled, managerial, and office employees tend to be drawn from New York City and suburban Essex and Bergen Counties.

A major question for impact analysis concerns the source of the firms that are locating in the Meadowlands. If they are new firms or expansions of existing firms, or relocating from outside the metropolitan region, then the employment constitutes a net gain. If they are relocating within the region, then the employment constitutes a transfer that may simply shift problems from place to place unless the firms involved would otherwise have closed down or moved out of the area completely. Qualified informants were strongly of the view that new establishments in the area were virtually all drawn from New York State, especially from New York City and Long Island. Generally, for distribution facilities, the process involved both movement and expansion. Since the Meadowlands are located in an ICC Free Zone, there is a substantial attraction for trucking enterprises. However, the most common explanation for the shifts was substantially lower occupancy costs for more efficient, newly designed space. Tax differentials play a significant but not dominant role in the decision.

The question of diversion of firms that might have moved out of the region is difficult to answer. Given the nature of much of the employment in the Meadowlands, namely warehousing and distribution, much of the activity appears to be tied to a location somewhere within the New York metropolitan area. It was pointed out that for these firms, alternative locations might be found further south in New Jersey, especially in the New Brunswick area. At the outer margin of the region, cheaper land may allow lower space occupancy costs, but labor may be slightly more expensive. Although it was asserted that some diversion of firms from long-distance moves, principally to the South, has occurred, no cases could be cited. At the same time, higher environmental quality standards that are partly the result of the Meadowlands planning process, together with other factors, have resulted in the closure and transfer of 21 chemical manufacturing firms within the Meadowlands area, so it appears unlikely that the net gain on this score is positive, let alone substantial.

Prospective development in the Meadowlands over the coming years suggests a continuation of this pattern with some changes. As use of the area intensifies, we may expect that the cost advantage enjoyed by extensive space-using enterprises in the distribution sector will diminish. Increasing traffic congestion should reinforce this tendency. More intensive uses, especially office development, may be expected. However, the sheer amount of available land suggests that the currently dominant form of employment will continue to expand for several years. Office and commercial activity should increase, whether or not a major shopping center is built. The rate at which this occurs will depend on the general economic situation and on the capacity of developers to initiate major planned developments.

#### COMMUNITY IMPACTS

Employment changes affect both individuals and communities as a whole. Thus, it is appropriate to separate out the potential impacts along these two dimensions.

### Impacts on Individuals

Our respondents were virtually unanimous in their assessment that the creation of jobs was beneficial to the residents of communities within and adjacent to the Meadowlands. In the light of serious unemployment problems among low income and minority populations, the visible realization of job opportunities was held to be perhaps the most significant social benefit. Three types of caveats were expressed, however. They concerned the quality of opportunity afforded by the employment; the access to employment for low income and minority people in the surrounding area; and the opportunity cost of the development within the Meadowlands for other communities.

The dominance of distribution and warehousing among the industrial sectors represented in the Meadowlands is evident from the limited statistics available and from our observations and interview responses. Data on the distribution of workers by wage and salary levels for this sector in the Meadowlands were not available. However, this is nationally a low wage sector. According to informed respondents, Meadowlands jobs in the sector tend to be characterized by near minimum-wages, relatively high turnover, and poor prospects for advancement. Unionization is limited. The issue of racial discrimination in higher paying jobs was also raised by one person in a position to judge it objectively. Thus, for skill development and upgrading of the capacity of the labor force to participate fully in the economy, the type of development may be deficient. The enthusiasm of officials in surrounding communities for this type of employment may be at least partly attributable to the situation that they see for employment of low income people. Their judgment that any jobs are better than none at all does not seem unrealistic in the light of employment trends in the metropolitan area as a whole. From 1970 to 1975, New York City lost 30% of its manufacturing employment; New Jersey lost 17% in the state as a whole. Experience in northern New Jersey was in some cases worse. Such disastrous declines go far to explain the positive attitudes that we found. Nevertheless, it should be asked whether, over the longer term, concentration in the distribution sectors will be a beneficial strategy. In our judgment,

the general economic and employment situation in the metropolitan area does not seem likely to provide viable alternatives that would justify inhibiting the present form of development.

Reservations about economic development on grounds of poor access to employment by low and moderate income people and the opportunity costs to other communities will be dealt with in subsequent sections of this report.

### Impacts on Communities

Community-wide impacts of Meadowlands employment take two forms: on the positive side are multiplier and fiscal gains from employment; on the negative side are opportunity costs for communities outside the Meadowlands that otherwise might have attracted the development.

Employment of residents who would otherwise be unemployed raises local spending power by the increment of total wages over unemployment or welfare benefits. This increment will generate local spending, with resultant multiplier effects on local shopping and services, and through them, in turn, on local employment and fiscal strength. Calculation of the size of this impact is difficult, principally because there is no accurate estimate of how many Meadowlands employees would otherwise be unemployed.

A fortiori analysis may be useful in this type of situation to indicate general magnitudes, providing that assumptions are chosen with care. Transportation studies show about 64% of Meadowlands employees living in adjacent communities in Hudson and Bergen Counties. Of the 42,500 new jobs so far added in the District, this amounts to about 27,200. Most of these communities are predominantly low or moderate income, which suggests that the jobs held by their residents will be at the low end of the wage spectrum. A generous estimate of their average wage might be 150% of the average manufacturing wage in the area in 1976. The total annual income generated in all adjacent communities would be about \$389.64 million under this assumption. As a comparison, we estimate the total household income of Hudson County,

virtually all of which is adjacent to the Meadowlands but only part of the total adjacent area, to be about \$3.069 billion in 1976. About 32% of all local Meadowlands employees live in Hudson County, so their relative share of total county income would be less than 5%.

For local multiplier effects, we would need an estimate of the proportion of job holders who would be otherwise unemployed. Even given the 12% unemployment rate for Hudson County in 1976, it seems unreasonable to suggest that this proportion could be greater than half. Some part of the Meadowlands jobs would surely have located elsewhere in the area. Since the unemployed will tend to be manufacturing and low wage workers, we may assume the average wage to be no more than equal to that in the manufacturing sector. The aggregate income to otherwise unemployed people in Hudson County according to the previous calculation would then be \$62.3 million. However, these people would not have been penniless had they been without work. They would have spent savings, borrowed, received unemployment benefits, or else lived on welfare. If such sources amount to at least 50% of their wage income, which is a conservative estimate, then the increment to local income would amount to \$31.2 million. Finally, we may postulate a multiplier of 1.5 as reasonable or even generous for this type and size of area. The resulting final net income generated is \$46.8 million, less than 2% of the estimated total Hudson County income. We may conclude that the growth of employment in the Meadowlands will create substantial amounts of income in absolute terms. But in relative terms, the impact on total income in surrounding areas will not be large.

The point of this analysis is not that it be precise, but rather that it should indicate magnitudes. Even if the estimate were too low by 100%, the gross effect would still be quite small in relation to the total incomes of surrounding communities. In fact, the assumed wage levels are purposely on the high side. Why then is Meadowlands employment seen as important? The answer may lie in a comparison of the number of Meadowlands jobs and the employment levels in surrounding areas. In Hudson County, average unemployment recently has been about 11%, or 25,500 people. Some 32% of all Meadowlands jobs went to Hudson County residents. If 50% of these had



been otherwise unemployed, the unemployment rate would have been 14%. A 20% reduction in the unemployment rate is no trivial matter for local elected officials. Again, these conclusions are quite robust in the face of changes in our assumptions. The fact that Meadowlands development directly addresses unemployment makes it of first importance to local communities.

Even with generally positive employment impacts, some adjacent communities might suffer from displacement of jobs to the Meadowlands or lose development opportunities. The issue of displacement was raised especially by the Regional Plan Association in its objections to the amount of office development in the first HMDC draft plan. This objection was based on a concern that such employment would be more beneficial if located in declining downtown centers in the Meadowlands area, for example Paterson. The office employment estimate (for the year 2000) in the HMDC-Port Authority transportation study, nevertheless, remains considerably larger than RPA's proposal. In part, this is due to trends in office development.

The office market is currently the most dynamic element in industrial and commercial real estate in northern New Jersey. Rents are rising at 10% annually, according to knowledgeable informants. This development is occurring both in the Meadowlands and the larger region of which it is a part. Some indicators of the growth of offices is apparent from a recent survey by Schlesinger, a Clifton, New Jersey industrial realty firm. In 1968, 238 of the U.S. 1,100 largest corporations' head offices were located in New York City; 69 were in the suburbs, 37 of these being in northern New Jersey. At the end of 1978, New York was projected to have only 127 of the largest 1,100, while 129 would be located in the suburbs, and of these, 60 would be in New Jersey. The real growth, in fact, is greater, because some companies were no longer in the top 1,100 by 1978 but had nevertheless moved to the suburbs. When these shifts are taken into account, the region shows a net gain of one corporate headquarters, with New York City's loss of 80 being offset by the suburbs' gain of 81. We have no data on office expansion of non-headquarters offices or smaller firms, but it is likely that their trends are similar. The result is a strong influx into New Jersey. Meadowlands office development should be seen as part of this larger problem. However, in the Meadowlands itself, our informants did not see a dominant pattern of relocation by

New York City firms. Rather, they appear to have diverse origins.

Displacement of existing or new potential manufacturing and distribution jobs from New York City to other low income communities in northern New Jersey is a more serious issue. There is no hard data on this question. However, all our informants with local knowledge agreed that the majority of industrial and distribution enterprises had moved into the region from elsewhere in the region. The most frequent estimate is that about 75% are from New York City itself, moving to more efficient sites and facilities and away from higher taxes and labor costs. But this movement must be seen as part of the much larger and general decline in manufacturing in New York City and the Northeastern U.S. Between 1970 and 1975, the city lost 29.9% of its total manufacturing employment, some 244,300 jobs. Clearly, the Meadowlands accounts for only a very small fraction of this loss and it is not likely that much can be done about it. The causes are deeper than the existence of the opportunity to relocate to this area.

No matter where firms are moving from, it might be disadvantageous to existing communities in the area if they were to lose potential development because of the visibility, aggressive marketing, and apparent momentum of Meadowlands growth. Certainly, this has been a serious concern of the Regional Plan Association in relation to office employment. Once again, hard data that might allow us to test this proposition do not exist. Interestingly, local public officials, including two mayors, from the largely built-up communities both east and west of the District expressed no serious concern. But they have little or no developable land. On the other hand, Newark, which has a large low income population, high unemployment, and some equivalent marshlands of its own, may have experienced competitive loss. Local agencies in Newark have been attempting to promote employment development, with modest results. How much of their problem should be ascribed to competition from the Meadowlands District is difficult to judge. One very experienced industrial realtor described an eight-year effort to get an industrial project going in Newark. It finally foundered in the face of red tape and tax differentials that were simply too high. Nevertheless, it seems undeniable that HMDC's image (described by one developer as "the best agency in New Jersey"), together with the dynamism and major capital investment by developers

such as Hartz Mountain Industries are attractive to prospective employers. In the face of the District's momentum, other areas are at a disadvantage that can only be exacerbated by severe social and economic problems, as in Newark's case.

#### IV. RETAIL SHOPPING DEVELOPMENT

##### RETAIL SHOPPING PROPOSALS

Though the Hackensack Meadowlands have undergone a significant amount of development since the early 1970s, very little of it has been commercial. The few retail businesses that are newly-established are all small facilities designed to service nearby industrial, office, or residential developments. HMDC planners did envisage commercial development in the Meadowlands, but they saw a major shopping center coming about at a later stage, as the "downtown" that would cater to the Meadowlands ultimate population of 125,000 people.

With the exception of the 2,000 residents of Hartz Mountain's Harmon Cove condominiums in Secaucus, the large-scale residential influx planned for by HMDC is still a long way from realization. Nonetheless, the issue of major retail shopping centers is an immediate and pressing one. In the last year, three developers have put forth proposals for massive shopping malls and ancillary facilities in the Meadowlands. The Commission has already considered applications for two of these developments, though as yet no final decisions have been made.

The first proposal, by Hartz Mountain Industries, is for a 1.3 million square foot "Meadowlands Mall" with four large department stores and more than 150 smaller stores. The 176-acre tract for the complex is located just northeast of the intersection of State Highway Route 3, Paterson Plank Road, and the eastern extension of the New Jersey Turnpike (I-95). In addition, the city of North Bergen recently received a \$2.75 million UDAG grant from HUD in order to resurface and extend West Side Avenue down to Paterson Plank Road, essentially leading directly to the proposed shopping mall. Hartz has proposed to build a 1.5 million square foot industrial park along West Side Avenue north of the shopping center, as well as some residential units and supporting commercial facilities.

Hartz's problem is that in order to build the center they must get the HMDC to make a major zoning change in the Master Plan. The site is now zoned for "highway commercial," which means restaurants, motels, and other such facilities. A majority of HMDC Commissioners are willing to consider the zoning change, but they are still a long way from a final decision. The State Department of Environmental Protection must also rule favorably on Hartz's application, because the 176 acres include some riparian land.

The second proposal is from Bergen County Associates, owned by the Sisselman family. Sisselman proposes to build a 1.7 million square foot shopping center directly south of the Sports Complex, near the intersection of Route 3 and the western extension of I-95. This huge shopping mall would be part of a much larger development called Berry's Creek Center, which would include hotels, offices, apartment complexes, and a train and bus depot. Sisselman has no zoning problems with HMDC, because Berry's Creek Center is in the Master Plan. However, there are sufficient difficulties with Sisselman's current proposal that the Commission sent him back to the drawing board in late November with 22 pages of suggested modifications that he says will take at least several months to correct.

A third shopping mall by Hocker-Squitieri Company is proposed on a 300-acre site in Rutherford directly southwest of Berry's Creek Center, but as yet no formal application has been made by them to the HMDC.

Since Sisselman has the property that is zoned for the shopping center and Hartz does not, Hartz commissioned a study to show that there is a large enough market in northeastern New Jersey to support both malls. Nevertheless, most people seem to feel only one mall will be allowed, and as a result, the two developers are locked in serious combat over the potential prize. Sisselman has hired as his attorney Governor Byrne's former counsel, while Hartz was the second largest contributor to Governor Byrne's inaugural celebration. Both are employing public relations staffs and other consultants to wage the battle, as is Hocker-Squitieri in a more low-key way.

There is also a great deal of political controversy as to whether any shopping mall should be built in the Meadowlands, particularly since it would be drawing on a regional market rather than serving a local population. Retail business people on both the east and west sides of the Meadowlands are bitterly opposed to the shopping malls because they fear significant losses of patronage. Many of these business people, primarily the 900 or so shops along Bergenline Avenue from Union City to North Bergen, have formed an organization called CRUSADE to fight the malls. They have retained an attorney and a lobbyist, and plan to initiate lawsuits to stop major retail development in the Meadowlands. CRUSADE has also written a letter of protest to HUD, which at the time of our visit had not been answered.

Mayors and other residents of these communities fear a consequent decline of their CBDs and loss of tax base. People from communities further out express concern over increased traffic congestion, competition with downtown retail facilities and with the numerous existing northern New Jersey shopping malls, and the priorities of HMDC with respect to housing, open space, and environmental needs.

If we had to venture a guess at this point, it would be that one shopping center will be approved, but only one (at least for the near term), and that it will probably be Hartz's Meadowlands Mall.

#### POTENTIAL IMPACTS

The most important and controversial potential impact of a large new shopping mall in the Meadowlands is the effect it will have on Bergenline Avenue. Some people we interviewed said "it will kill it," while others argued that "it won't hurt it at all." The pessimists point to the way in which downtown Hackensack, for example, went into serious decline after the opening of the Paramus shopping centers in the 1960s.

Bergenline Avenue also was in terrible shape in the early 1960s, when the largely Italian population began its suburban exodus to the north and west, but the massive influx of Cuban immigrants into northern

Hudson County in the mid-1960s caused the area to re-blossom and property values on Bergenline grew. Today the commercial strip, particularly in Union City, has an air of vitality and a marked Hispanic flavor. Further north, in West New York, Guttenberg and North Bergen, the Hispanic character is less pronounced, but here too Bergenline appears to be thriving. There are almost no vacancies.

The potential impact of a new shopping center in the Meadowlands on the viability of Bergenline Avenue is difficult to assess. The basic marketing study done for Hartz Mountain Industries by HSG/Gould Associates deals simultaneously with the market potential for two centers -- Hartz Meadowlands Mall and the Berry's Creek Center. This analysis did not attempt to estimate quantitatively the impact on other shopping centers or on local shopping districts. In fact, the only districts specifically mentioned were Journal Square in Jersey City and the downtowns of Clifton and Passaic. Newark and Paterson were both defined as outside the trading area boundary for the proposed Meadowlands centers. The exclusion of Bergenline Avenue may have been due to the fact that it includes no major department stores. Nevertheless, it does have a substantial number of shopping goods stores and clearly accounts for a good part of the total volume of retail trade in North Hudson County.

The HSG/Gould analysis broke the potential trading area for the Meadowlands Center into nine subareas, of which North Hudson County and Central Hudson County are most relevant in terms of Bergenline Avenue. Of the projected \$1.107 billion potential shoppers goods expenditure in the trading areas by 1981, the North and Central Hudson County areas would account for \$354.5 million, or 32%. The projected shares are given in Table 4. More importantly, that table shows that the market penetration rate (the proportion of the subarea's sales potential that would be diverted to the Meadowlands Centers) is substantially higher in North Hudson County, where Bergenline Avenue is located, than in any other area. Central and North Hudson County subareas together would account for projected sales of \$88.9 million, or 44% of the trade area total. Clearly, the success of the shopping centers would depend on cutting deeply into this market. These figures break down approximately equally for the Meadowlands Mall and Berry's Creek Center, with the exception that, taken alone, \$51.55 million, or 50% of the Meadowland

Table 4

Expenditure Potential and Projected Sales, in 1981, by Market Subarea  
for Meadowlands Mall and Berry's Creek Center

Market Subareas	Shoppers Goods Expenditure Potential <sup>a</sup> (\$ million)		Both Centers <sup>b</sup>			Meadowlands Mall Share		
	Percent of Total	Market Penetration Rate	Projected Sales <sup>a</sup> (\$ million)	Percent of Total Sales	Market Penetration Rate	Projected Sales (\$ million)	Percent of Total Sales	
N. Hudson Cty.	\$182.40	16.5%	28.0%	\$51.07	25.4%	16.0%	\$29.19	28.2%
Central Hudson Cty.	172.06	15.5	22.0	37.83	18.8	13.0	22.37	21.6
S. Hudson Cty.	153.70	13.9	13.0	19.98	9.9	8.0	12.29	11.9
W. Hudson & S.W. Bergen Cty.	98.18	8.9	24.0	23.57	11.7	9.0	8.84	8.5
N.E. Essex Cty.	117.24	10.6	12.0	14.06	7.0	4.0	4.69	4.5
Far N.E. Essex Cty.	77.06	7.0	13.0	10.01	5.0	6.0	4.62	4.5
S.E. Passaic Cty.	37.20	3.4	11.0	4.09	2.0	4.0	1.49	1.4
S.W. Bergen Cty.	118.81	10.7	20.0	23.75	11.7	8.0	9.50	9.2
S.E. Bergen Cty.	150.85	13.6	11.0	16.60	8.3	7.0	10.56	10.2
All Areas	\$1,107.50	100.0 <sup>c</sup>	18.2	\$200.96	100.0 <sup>c</sup>	9.4%	\$103.54	100.0 <sup>c</sup>

Notes: <sup>a</sup>Expenditures and sales in constant 1976 dollars.

<sup>b</sup>Meadowlands Mall and Berry's Creek simultaneously.

<sup>c</sup>Totals may not add to 100 percent owing to rounding.

Source: HSG/Gould Associates, Retail Market Analysis: Meadowlands Mall and Berry's Creek Center, Washington, D.C., 1978.



Mall's projected total sales of \$103.54 million would be drawn from Central and North Hudson County. This center's proximity to the eastern edge of the trading area would tend to give it a particular advantage in competing for shoppers from exactly those localities through which Bergenline Avenue runs.

The question, of course, is where this shopping goods expenditure will come from. If it is diverted from the few other department store type operations -- Sears, Two Guys -- in northern Hudson County, or from other shopping centers in the region -- principally around Paramus -- then the impact on Bergenline Avenue will be minimal. However, that raises the question of whether such diversion would be a serious threat to those other centers. On the other hand, the proportion of total shopping goods expenditures within the North Hudson County subarea that will be taken up by the new centers is so great that loss of even a moderate part of it could affect a shopping district like Bergenline Avenue quite substantially. A shoppers survey by HSG/Gould Associates in response to questions about potential impact provides only partial and not entirely satisfactory evidence. They found that in April 1978, four out of five Bergenline shoppers came from the immediate Hudson County area. In the Hispanic section of the street, more than 40% stated that they do not regularly shop anywhere else. That proportion was still almost 35% in the northern section, which is potentially most vulnerable to Meadowlands competition. On the other hand, more than 70% of the shoppers regularly patronize shopping centers located a considerable distance away.

We cannot answer precisely the question of how the diversion of shopping will occur. Nevertheless, several important conclusions may be drawn from the available data.

- (1) Bergenline Avenue is extremely dependent on the patronage of residents of Guttenberg, North Bergen, Union City, and West New York, which together account for 84% of the shopping goods potential in the North Hudson County market subarea.
- (2) This subarea alone is estimated to account for over one-quarter of the total sales of the proposed centers, and would probably account for 30% of Meadowlands Mall if it were built alone.

- (3) Some 28% of the subarea's total shopping goods expenditures (or 5% of total household income) would be spent in the new centers together, and as much as 20% if Meadowlands Mall only were built.

The competitive impact of the new center, or centers, on Bergenline Avenue would be insignificant only if this massive diversion of expenditures in the local area were to occur almost entirely at the expense of other shopping centers further away. Survey data indicate that area residents do travel considerable distances to other malls. Nevertheless, our rough estimate is that a new center as close as Meadowlands Mall would draw off at least 10 to 15% of Bergenline Avenue's customers.

The impact of such a loss could be very serious for local merchants and residents. We expect that the impact might be somewhat less on lower Bergenline, where the attachment of the Hispanic clientele to the local shopping was clearly shown in the HSG/Gould Shopper Survey. On upper Bergenline, the stores cater to a more "Americanized" clientele that is likely to substitute newly convenient Meadowlands shopping for their previous Bergenline patronages.

Such an impact is potentially disastrous for these communities, because a very large percentage of their tax base is dependent on the property values along Bergenline. While Jersey City and North Bergen are part of the Meadowlands and thus entitled to the tax-sharing arrangement, the rest of the communities are not, and would receive no revenue to replace the loss in property tax receipts from their central business districts. Most of these towns are already at the low end of the spectrum of average household income for northeastern New Jersey. This question is further discussed in Section VII, Fiscal Impacts, below.

One important concern for the federal government was raised by some of our informants. During the Cuban influx, the Small Business Administration extended loans to a number of merchants who opened stores on Bergenline Avenue. We do not know how many such loans are outstanding nor their total dollar amount. If the estimates of several million dollars are correct, then business failures on the street could result in substantial government losses.

For residents of the area, shopping center development would bring both benefits and costs. Shoppers surveyed by HSG/Gould were generally positive about a new center, but they were not asked to think about the possible effects of the decline of the old one. Shoppers who now travel to more distant centers would experience savings in cost and time. For those residents without automobile access, the decline of Bergenline would reduce their choice substantially. This effect might be lessened by the differential impact on upper and lower Bergenline Avenue, but the decay of a major part of the shopping street might be expected to spill over to the remainder in the longer term.

Rutherford, Lyndhurst, and a few of the other communities on the immediate western border of the Meadowlands, though higher income areas than northern Hudson County with stronger residential property values, are also likely to witness a decline in their central business districts similar to upper Bergenline as a result of a Meadowlands shopping center.

As to the effects of the downtowns of older urban centers such as Newark, Paterson, Passaic, Hackensack, Jersey City, and Elizabeth, most of the damage has already been done by other social and economic forces as well as other shopping malls. While the Planning Association of North Jersey, for one, argues that the impact will be "devastating," we are not inclined to agree with this assessment.

The two market studies prepared by consulting firms for Hartz Mountain do indicate that sales will be diverted from the other existing malls in the area, but they see this as healthy competition and as no net loss for department stores as long as they rent space in the new mall. Stores that are individually owned in those malls might be rendered marginal. Both studies claimed that there is a substantial market for retail facilities in the Meadowlands, essentially to be diverted from the other North Jersey malls and to a lesser extent from Manhattan and existing Hudson County facilities. Other observers feel that the market in northern New Jersey is already overbuilt and that further development could cause major problems in the Paramus area. Since no dramatic increase in total population and income in the region is expected, a high level of sales at Meadowlands shopping centers should cause some diversion. HSG/Gould estimate that if both centers were to be built, about \$44 million of their joint \$200 million

in 1981 sales would be drawn from the northern part of the Meadowlands market area in southern Passaic and Bergen Counties<sup>1</sup> adjoining the main market of the Paramus centers. By that date, Paramus sales should be about \$450 million annually. Should the Meadowlands centers capture half of their sales in this submarket from Paramus, which seems a conservative estimate, the effect would be to reduce Paramus sales by \$22 million or just under 5%. If only the Meadowlands Mall were constructed, the diversion would be under 2.5%. The larger figure might be problematical for smaller stores; or it could have serious results if the loss were to be concentrated on the weakest centers. However, in the absence of evidence that this would happen, we must conclude that the overall impact would probably not be significant.

Lastly, legitimate concerns have been voiced as to the transportation impact of the proposed malls. Berry's Creek Center in particular has problems because of its proximity to the Sports Complex, but the Meadowlands Mall, which relies on the already severely congested Route 3 and Paterson Plank Road for its east-west access, poses traffic problems as well. As things stand now, only 5% of the people use any type of mass transit to the Sports Complex, which at least has the virtue of scheduling events at off-peak hours. If this private automobile pattern is duplicated by mall shoppers, the resulting impacts in terms of congestion and pollution on the surrounding communities may be quite negative.

From HUD's perspective, the question of shopping center development is largely a local matter that will be decided in the first instance by the outcome of Hartz Mountain's application for a zoning variance in order to build Meadowlands Mall. In one respect, however, the federal government has been involved; that is, the approval of North Bergen's UDAG proposal to fund a road through Hartz Mountain's property to the northern edge of the proposed center. The legitimacy of the road as infrastructure for employment and housing development in accord with HMDC's plans seems clear. The grant will pay for only a moderate part of Hartz's total infrastructure costs for that purpose. Nevertheless, the road also provides important access to the Mall, particularly in view of the traffic congestion at the intersection of Routes 3 and 1/9. Thus, the grant indirectly assists shopping center development.

<sup>1</sup>Subareas G, H, and I in HSG/Gould, op. cit.

Whether this was anticipated at the time when the application was processed we do not know. It does point up the need for sensitivity to potential effects of infrastructure grants in areas of high development potential. More generally, this is an instance in which it may reasonably be asked whether the UDAG in fact stimulated or followed development. In areas like the Meadowlands, where private capital is very active and investment opportunities are attracting substantial growth, the incentive value of the UDAG seems minimal. Although it certainly reduces the risk on long term investment in infrastructure, there appears to be little or no doubt that decisions on the larger project will not be significantly affected either way by the UDAG. At the same time, it should be recognized that a large developer such as Hartz Mountain seeks some profit level and will adjust the composition of development accordingly. Consequently, if the shopping center were denied, the investment response might well be to lower environmental amenities or increase density in those portions of the area still to be developed.

## V. HOUSING IMPACTS

In the legislation which created the HMDC in 1969, the Commission was given responsibility to "develop and administer a Master Plan which provides jobs, homes and recreation spaces, with these needs calculated at regional scales." The current Master Plan calls for housing development in the Meadowlands to accomodate 125,000 people by the year 2000. A total of 2,434 acres are zoned for housing, 1,390 for predominantly high-rises of 16 or more stories, and 1,044 acres for single family homes and low-to-mid-rise buildings of from three to 15 stories.

The Commission's Master Plan Zoning Regulations, adopted in 1972, require developers of residential units to "make every possible effort before, during and within five years after completion. . .to provide, or cause others to provide, housing that will result in a community with a mix and balance of income levels that shall reflect regional housing needs and the range of job opportunities available in the Hackensack Meadowlands District."

### HOUSING DEVELOPMENT

Thus far the only housing development to have actually been completed in the Meadowlands District is Harmon Cove, 626 townhouse condominium units now occupied by roughly 2,000 people. Harmon Cove residents are all middle to high income, as the units are now selling for anywhere from \$58,000 to \$110,000.

On October 25th the Commission approved the development of another 1,380 residential units on a site adjacent to Harmon Cove. The developer is the same, Hartz Mountain Industries, but this time the densities will be much higher, as all the structures will be between 11 and 25 stories. Higher densities are called for under the Master Plan in order to preserve enough land in the Meadowlands for recreation and open space. The income levels of the occupants of these new condominium units are likely to be similar to Harmon Cove's residents. This is also true for

the other two housing developments now on the drawing boards, those being adjacent to the two proposed shopping malls, one by Hartz Mountain in Secaucus and North Bergen, the other by Bergen County Associates at Berry's Creek.

HMDC's October 25th report on the Hartz Mountain decision discusses "this goal, an important one of the Commission, of promoting and producing a community of residents in the Hackensack Meadowlands District of variable incomes. Of significance is the separate fact that we wish, on land use and transportation planning grounds alone, to see some meaningful percentage of those who work here living here." To date the Commission appears to have fallen far short of this goal. As our employment section indicates, 42,500 new jobs have been created in the Meadowlands since 1970, most of them low-paying positions in light industry, warehousing and distribution. It is very unlikely that any of these people are living in the 626 units at Harmon Cove.

One reason for the rather large gap between industrial and residential development is the opposition by the Mayors and many of the townspeople of the 14 communities in the Meadowlands District to any significant housing construction. These largely white ethnic, blue collar communities are fearful of an invasion of rich cosmopolites from Manhattan and poor blacks from Newark into their now unsettled area. The Mayors in particular are concerned about an erosion of their political base, and would much prefer to see industrial and commercial expansion in the Meadowlands which bring higher tax ratables but no new residents.

Hartz Mountain's original proposal for further residential development around Harmon Cove consisted of a 4,374 unit, 17-building complex, with some buildings as high as 38 stories. This proposal met with a storm of protest from Secaucus Mayor Paul Amico and a community group called Secaucus Citizens Opposed to High-Risers (S.C.O.H.R.). The HMDC, feeling the heat, rejected the Hartz proposal and suggested that they scale it down. In December of 1977 Hartz's scaled-down proposal for 1,480 units was rejected by a 3-2 vote of the Commission's Development Board, which also called for a study of "the political, sociological

and psychological effects of high-density living on the quality of life of surrounding communities." The Master Plan's entire residential zoning component was being called into question, and "home rule" advocates from the 14 towns, who regularly support efforts in the state legislature to strip the HMDC of its powers, thought they had won a major victory.

One month later the full Commission met to consider the issue, and after intense lobbying by Governor Byrne and his aides, they reversed themselves and voted 6-0 to permit a Hartz development of 1,480 units. Under this compromise (since reduced further by 100 units), the northern piece of land originally planned for residential development by Hartz will be left untouched for now. This is a good example of the constant pressures both the Commission and the developers are under to cut back or even totally eliminate housing plans for the Meadowlands.

#### REGIONAL HOUSING NEEDS AND MEADOWLANDS IMPACTS

Tri-State Regional Planning Commission projects that a total of 81,000 additional housing units are needed in Bergen County by the year 2000, and 32,000 units in Hudson County. The figures for Essex and Passaic Counties are 50,000 and 44,000 units, respectively. Total lower income households needing housing assistance in 1970 were 41,442 in Bergen County, 51,662 in Hudson County, 81,586 in Essex County, and 28,321 in Passaic County. Given that the HMDC is mandated by the state legislature to consider "regional" housing needs, certainly these figures should be of some concern.

Even more significant is the fact that Tri-State, in their Housing Element of March, 1978, identified Bergen County as the county with the most significant problem of "jobs and housing imbalances" as defined by HUD: lower-income, nonresident jobholders that could be "expected to reside" closer to their work places amounted to 16,272 households for Bergen County in 1970, with another 3,995 for Hudson County. Tri-State notes "In some subregions, which have continued to grow rapidly, this condition has probably become more severe." Since job growth in the Meadowlands District far exceeds regional averages, the need for housing to correct the job-housing imbalance seems clear.



An additional reason why the Commission must face its responsibilities on this issue is because the Meadowlands District is one of the only areas with a significant amount of vacant land available for housing development. For example, the Hudson County Housing Assistance Plan (HAP) lists the lack of availability of suitable land as a primary reason for pursuing a housing rehabilitation strategy as opposed to new construction. Suitable land is available in the Meadowlands; the question is whether any new construction will be of dwelling units that are available to lower income households.

The Fair Housing Council of Bergen County has taken the lead in trying to make sure that the HMDC lives up to the Master Plan both in terms of the amount of housing constructed and the availability of some of that housing to lower income families. They testified at the many hearings on the Hartz development and at one point got Hartz to agree to include nearly 500 low and moderate income units among the original 4,374. Now, however, of the 1,380 units to be constructed, none are planned for low and moderate income.

Hartz got the HMDC to agree to essentially waive the housing mix requirement when they approved the new development because Hartz claimed they were unable to obtain commitments from either HUD or New Jersey HFA for subsidies. The Fair Housing Council argues that residential developers in the Meadowlands have an obligation to meet the housing mix requirement of the Master Plan regardless of the availability of federal or state subsidies.

#### HUD INVOLVEMENT

Housing construction in the Meadowlands is in a good position to receive HUD Section 8 subsidies and other assistance because it addresses three important policy goals:

- (1) helping to correct the nonresident worker housing-job imbalance;
- (2) dispersal of assisted households from high-density, low income ghettos; and

(3) providing a genuine income mix.

According to the Fair Housing Council, at the present time all HUD forward commitments and applications for subsidy by developers in northern New Jersey are for buildings in which 100% of the units are subsidized. The Hartz development and others like it in the Meadowlands would contain less than 20% subsidized units, a HUD priority.

One obstacle that Hartz encountered in its pursuit of subsidies is a current HUD regulation that discourages subsidies for family housing in high-rise apartments. As stated earlier, due to the high cost of land and the need to preserve open space, most of the housing in the Meadowlands is zoned for medium to high-rise buildings. Given the substantial need for low-to-moderate income family housing in Hudson and Bergen Counties, the fact that the Meadowlands is one of the only areas with a large amount of vacant land available for this purpose, and that particularly in high-density Hudson County many of these families already do live in substandard high-rise dwellings, it seems inappropriate to let this regulation stand in the way of an adequate housing strategy for the Meadowlands.

Another problem raised by Hartz is that their units are condominiums, which is not the preferred form of ownership for HUD subsidies. The Fair Housing Council feels the solution is for a non-profit group to purchase the units and then lease them to the low and moderate income families under Section 8. Since the HMDC has zoned most of its housing for Specially Planned Areas (SPAs) that are defined as multi-use developments to be built by one large developer, it may not be feasible for non-profit or limited-profit groups to actually build subsidized housing as is done elsewhere, so the approach outlined by the Fair Housing Council may be the most practical.

Additional difficulties arise due to opposition to racial integration by local residents of the Meadowlands communities. Under the Master Plan, only some of the communities are zoned to receive significant amounts of housing, namely Secaucus, Rutherford, North Bergen, Carlstadt, and Lyndhurst, all of which are predominantly if not totally white. Even if opposition is overcome so that medium-to-high density housing is

built with an acceptable percentage of subsidized units, giving priority for these units to local residents will probably mean perpetuation of racial exclusion by these communities. Most of the eligible low income households are likely to be elderly individuals and couples, and if developers tailor their subsidized units only to this group they will be ignoring the much greater need for housing low and moderate income families in the Meadowlands. Seventy percent of the households in need of housing assistance in 1970 were non-elderly, mostly families, in Bergen, Passaic and Essex Counties, and 60% in Hudson County. And since the Meadowlands also poses the special problem of housing the nonresident worker, this underscores the need for family as well as elderly subsidized units.

The goal of an adequate racial as well as income mix can be met through an affirmative marketing strategy for subsidized units, as well as aggressive monitoring of housing discrimination in the sale or rental of all available units.

We feel that HUD should take an active interest in helping the Hackensack Meadowlands Development Commission meet the housing goals of its Master Plan. Both Bergen and Hudson Counties are Urban Counties that receive CDBG funds; they should be required in their HAPs to actively coordinate their efforts with the HMDC, and to deny CD funds to local communities that refuse to cooperate with helping achieve Meadowlands housing goals. Also, HUD has already granted a UDAG to North Bergen to build a road that will foster development not only of an industrial park and probably a shopping mall, but of a large number of residential units as well. It would seem incumbent on the Department to follow through on its UDAG commitment by ensuring that the residential development properly addresses regional housing needs.

## VI. TRANSPORTATION IMPACTS

The traffic effects of Meadowlands development are evident to thousands of travelers every day, yet difficult to measure in the terms required for this assessment. A major transportation study has been carried out in the past year by HMDC in cooperation with the Port Authority of New York and New Jersey. We have had access to a limited amount of information from this study, but a full analysis will depend upon its ultimate availability.

### TRANSPORTATION DEVELOPMENT

From the earliest days of urbanization, the Meadowlands have been crossed by major transportation routes from New York City to the south and west. With the growth of the metropolis, these arteries became also the main routes whereby people working in Manhattan travelled to and from their residences in suburbs west of the Hackensack River. The principal connections with New York, first by ferry, and later by the Lincoln and Holland Tunnels and the George Washington Bridge, also served the commuter populations on the Palisades and in Jersey City between the Meadowlands and the Hudson River. Transportation flows, then, consisted primarily of goods in and out of New York, passengers on long haul rail and bus routes, and commuters who worked in the city.

Rapid population and economic growth in northern New Jersey, including the Meadowlands, has begun to change this historic pattern in several respects. First, a substantial number of commuters now travel to work in New Jersey from New York City. Although this might seem to balance the transportation system, in fact it must put pressure on key links such as the tunnels that have been able to vary their capacity in one direction or the other depending upon the dominant flow. Second, the pattern of cross commutation within northern New Jersey itself has become more complex as people travel to new employment locations. Third, population growth has brought retail and service development, with concomitant

travel to scattered shopping and service centers. The Sports Complex in the Meadowlands is only the most recent example. It was preceded by a concentration of shopping centers that would be difficult to match anywhere. Fourth, development of the New Jersey suburbs since 1945 has been based on automobile transportation, resulting in a burden on the road system and relatively weak public transportation within the area. Finally, the massive growth of distribution and wholesaling activity should greatly increase truck traffic.

The result of all these influences is substantial visible congestion on the highways crossing and adjacent to the Meadowlands during both peak hours and at other times. The HMDC-Port Authority traffic survey in 1976 and 1977 showed no remaining peak hour excess capacity at measuring points on Route 46 westbound, Route 1/9 northbound, the Lincoln Tunnel and the Hudson Tunnel. The key east-west crossing of the Meadowlands, Route 3, showed less than 1% unused peak hour capacity eastbound at the Passaic River, and Route 17, the main north-south route east of the area, exhibited only 3% unused capacity. Clearly, the main roads in the area are crowded, a fact reinforced by opinion and comment in the press.

We should be cautious in interpreting the congestion, since people in the area are accustomed to it and show high tolerance for conditions that would evoke strong protest elsewhere. For a number of reasons, the apparent levels of congestion may have less dramatic results than one might expect. In the first place, transportation networks tend toward equilibrium as rising congestion costs induce some traffic to shift routes or time of day. We may expect that to happen in this instance, though the possibilities are limited by the critical and unique importance of certain links such as Route 3 and the Hudson tunnel. In the future, there may be some other potential forms of adjustment, for example, residential shifts by Meadowlands workers, if low and moderate income housing is available. The discussion of housing impacts above has already alluded to this problem. In addition, HMDC controls over development may be exercised if the anticipated impacts on network carrying capacities become intolerable. Clearly, there are powerful political forces and real benefits that will make this an option of

the last resort. Finally, there is likely to be strong pressure for improvements in the transportation system itself as congestion grows. HMDC will probably espouse a mixture of highway and transit improvements as its preferred option. Unfortunately, the highway improvements alone would cost some hundreds of millions of dollars at current prices and there is no indication of where this money would come from. Improved bus and rail transit, priority lanes on freeways, van pooling, and staggered work hours offer partial solutions at lower costs, but they are notoriously difficult to implement. HMDC will probably press for an integrated transportation and development plan for the coming years, but until the transportation study is evaluated and developed into policy, it is hard to judge what might happen.

In the longer term, however, development of the Meadowlands must compound the region's transportation problems. The HMDC-Port Authority study estimates that demand will grow from 28,000 peak hour work trips in 1975, to 34,500 in 1985, a 23% increase. By the year 2000, 84,000 trips are expected, a 301% increase over the 25 years of development. At the same time, it is anticipated that about 12,000 Meadowlands employees will live in the District, if housing is available, reducing the demand somewhat. But residential development will also generate 15,000 peak hour trips to work in New York and elsewhere in New Jersey, increasing peak hour travel demand to almost 100,000 trips in the year 2000, which is three-and-one-half times the 1975 level. Without substantial investment in transportation, there is no way in which growth at this scale can be accommodated.

#### IMPACTS ON LOCAL COMMUNITIES

Transportation impacts on local urban areas are both direct and mediated through other variables such as access to employment and the tax burden of capital investment. These impinge both upon individuals and upon communities' economic and fiscal viability.

For individuals, the most obvious effect of congestion is the increased cost and time required to make the work and other trips that they desire. Ultimately, some trips may be foregone altogether as

conditions become intolerable. We have no way to estimate the additional cost and time imposed on residents of cities adjacent to the Meadowlands as a result of development. Respondents varied widely in their perceptions of transportation-related problems, but none rated them as critical thus far. For residents of adjacent communities, the worst problems might be expected on the north-south routes, such as Route 1/9, which have given them access to Bergen County, and on the tunnel routes to New York. Congestion effects are by no means experienced entirely or even principally by residents of immediately adjacent communities. In fact, it might be argued that the most significantly affected groups are those that have traditionally used the Meadowlands corridors into New York for work, shopping, or recreation. Living in the more affluent suburbs west of the District, they are not our principal concern here.

Strong political pressure to alleviate traffic congestion in the District by capital investment in road improvements and mass transit may be expected from these potent groups as conditions worsen during the next few years. Insofar as the improvements are paid for by the State of New Jersey or the federal government, the cost burden on local residents is likely to be minimal. In fact, they may expect to pay proportionately far less than the benefit that they receive. But for those localities whose fates are not tied to the District, the effects may be negative in another way. Since the allocation of capital improvements to particular areas of the state or the nation as a whole is limited by considerations of political balance, capital investment in transportation in the Meadowlands may well mean a diversion from nearby communities, especially Newark, that are in dire condition. Again, it is not possible to estimate the magnitude of such a potential shift. Yet the investment requirements of the District amount to a large part of what might reasonably be expected for the entire region. Under this circumstance, diversion may reasonably be expected unless it is explicitly prevented.

Problematic as the results of transportation investment may be, the consequences of not dealing with the transportation problems may be worse for the Meadowlands communities. In the absence of improvement, the rate of development will almost certainly slow down, either because

of the cost deterrence to firms that might locate in the area, or because of planning control by HMDC. In either event, the result will be a loss of potential employment for the area, part of which may be expected to locate instead on the outer boundary of the region, southward in New Jersey, the rest either occurring elsewhere nationally or not at all. In the light of the employment prospects for the area residents, this is an undesirable prospect. From a long term perspective, too, the effects of severe access difficulties from New Jersey on New York City's cultural and entertainment functions could be serious. No estimates of the relative importance of this market for New York are available. Nevertheless, its loss could not be trivial for economic viability and employment in that sector.

In any event, it seems unlikely that transportation improvements are likely to occur fast enough to affect the rate of displacement of firms and people out of distressed areas and into the District. If anything, the opposite is more probable -- that increasing congestion will reduce the relative attractiveness of Meadowlands' location. Federal and state subsidies are inevitable as transportation problems increase. The most evident concern should be to balance the needs of this area, with its organized and articulate constituency, against those of less powerful jurisdictions so that the Meadowlands' competitive position is not further enhanced by selective public investment.



## VII. FISCAL IMPACTS

So long as the property tax remains a principal source of revenue for local governments, development will substantially determine their fiscal fortunes. When industrial and office development occurs on the scale evident in the Meadowlands, the fiscal dividend for communities is potentially very large and the question of who gains the benefits or bears the costs becomes correspondingly important. Formation of the Meadowlands District brought about the possibility of major development. It also required resolution of the complex and long-standing rivalries among the localities in the District over who would receive development and tax base, and determination of who would bear the brunt of non-taxable public infrastructure or conservation and recreation areas.

### THE FISCAL SITUATION

In view of the governmental fragmentation and residential segregation of population by income and race in northern New Jersey, it is not surprising to find a very wide range of fiscal burden in the area. Within the Meadowlands, tax rates in 1976 varied from \$0.78 per thousand of equalized assessed value in Teterboro to \$9.58 in Jersey City. But taxes generally were moderate. Only Kearny and Jersey City had tax rates above \$5.00 per thousand. By comparison, the older cities east of the Meadowlands all had rates of over \$5.00 per thousand, the highest of all being Hoboken with \$10.47. Newark and the older communities to the west showed a similar pattern. Although the tax rate is an imperfect measure of fiscal pressure, the expected pattern of higher burdens in older cities with poorer and minority populations prevails.

For fiscal analysis, especially, it is important to distinguish between localities with territory under the jurisdiction of HMDC and those that are completely outside. The fiscal structure faced by communities within the District reflects the political negotiations that led to the creation of HMDC in the first place. In order to offset the

likelihood that planned development of the whole area would differentially affect member communities, an innovative tax sharing arrangement was developed. Since 1970, taxes on real property within the HMDC jurisdiction have been apportioned in the following way.

Each locality having territory within HMDC's jurisdiction receives all the property tax based on 1970 values within its boundaries. For a given year after 1970, for example 1977, the gain in equalized value between 1970 and 1977 is taxed in such a way as to respond to the need for equitable redistribution between jurisdictions that have received development and those that have sacrificed it, for example, for conservation of wetlands. Several steps are involved in this process.

- (1) In each community, property taxes are calculated on the gain in equalized value of real property since 1970 at the equalized municipal tax rate established for that tax year.
- (2) The County's share is then subtracted, leaving a residual for local use.
- (3) The locality in which the property is located receives 70% of this remainder, together with school service payments that reflect the growth in school age population. In 1985, the proportion of taxes retained in this manner will fall to 50%.
- (4) Taxes left over after allocation steps (2) and (3) constitute a pool that is shared among all 14 municipalities in direct proportion to the percentage of the District's total area that lies within such jurisdiction.

The allocation process is handled by HMDC, which calculates the shares each year.

Thus, the current situation is that low and moderate income cities outside the Meadowlands receive no direct fiscal benefit, and may experience indirect losses. Localities within the District are subject to a tax sharing scheme that has some equitable elements, but bears no direct relationship to income levels or fiscal burdens. We now turn to the impacts of this structure upon the communities themselves.

### FISCAL IMPACTS ON URBAN AREAS

It is evident that the fiscal impacts of Meadowlands development are likely to be substantially different for communities within the District as compared to those outside. For the former, the principal issue is equity: are they receiving a "fair share" of the revenues generated by development of the District as a whole. For the cities outside the district, three issues are relevant. First, will Meadowlands development negatively affect part or all of their current tax base? Second, does development in the Meadowlands divert potential growth from surrounding communities that are in severe fiscal difficulties? Finally, will the demands for capital investment and operating subsidies necessitated by Meadowlands development result in the pre-emption of federal and state funds that might otherwise have helped distressed communities solve their problems?

### Meadowlands Community Impacts

Almost all the localities within the Meadowlands have some territory outside, and some of them are subject to the concerns listed above. Nevertheless, the tax sharing provision under HMDC makes separate consideration of impacts for this group both useful and necessary. Table 5 shows the magnitudes of the growth in tax base experienced by the 14 District localities between 1970 and 1976.

Total ratables in the District grew by almost \$600 million between 1970 and 1976, and increase of 117% overall. This growth was very unequally distributed among communities. The highest percentage growth rates occurred in Lyndhurst, Secaucus and North Bergen. By contrast, Jersey City's Meadowlands area increased in value by less than 30%, and much of that was due to a change in equalization ratios. The distribution of the gains in value among localities was even more lopsided. Secaucus accounted for almost 30% of the total, reflecting the intense development by Hartz Mountain Industries. Of the rest, only Lyndhurst and Carlstadt received more than 10%. Jersey City was second to last with less than 1% of the total.

Table 5  
Distribution of Growth in Assessed Value in  
Meadowlands District Communities, 1970-1976

Municipality	(1) Gain in Equalized Assessed Value, 1970-1976 (\$ thousands)	(2) Percentage Growth 1970-1976	(3) Percentage of Meadowlands Total Gain
Carlstadt. . . . .	90,106.31	89.8%	15.1%
E. Rutherford. . . . .	49,085.41	104.6	8.2
Little Ferry . . . . .	12,036.79	83.3	2.0
Lyndhurst. . . . .	72,796.13	415.8	12.2
Moonachie. . . . .	47,204.87	102.3	7.9
N. Arlington . . . . .	402.16	84.1	0.1
Ridgefield . . . . .	24,305.66	107.6	4.1
Rutherford . . . . .	7,204.98	48.3	1.2
S. Hackensack. . . . .	6,302.90	79.2	1.1
Teterboro. . . . .	8,035.21	46.9	1.3
Jersey City. . . . .	5,255.06	29.6	0.9
Kearny . . . . .	40,314.41	107.0	6.8
North Bergen . . . . .	57,478.09	169.4	9.6
Secaucus . . . . .	175,568.71	133.5	29.5
District Total . . . . .	596,095.31	117.0%	100.0%

This pattern is reflected in property taxes accruing to Meadowlands communities under the sharing arrangement. Table 6 shows a wide variation in local non-school revenues from North Arlington's \$56,300 to Secaucus's \$2,392,100. Column (2) in the table indicates that some effect resulted from the sharing formula. Among the municipalities receiving substantial revenues, Ridgefield, Kearny, East Rutherford and Jersey City benefited by the formula. North Bergen and Moonachie were penalized. Secaucus, with the largest total share, lost about 2%. However, the effect of the formula and variations in tax rates was such that the proportions of total Meadowlands taxes received were little changed from the proportions of gains in property values (Compare Table 5, Column (3) with Table 6, Column (3)). As a result, three municipalities were entitled to 54% of the taxes resulting from development, and the top five accounted for almost 76%. In 1976, these places accounted for 28% of the total population of all Meadowlands municipalities. However, if Jersey City is excluded, they comprise 66%.

Table 6  
Distribution of Taxes Among Meadowlands  
Municipalities, 1976

Municipality	Tax Allocation <sup>a/</sup> (\$ thousands)	Increase (Decrease) due to Sharing, %	Percentage of District Total	Per Capita Tax Received <sup>a/</sup>
Carlstadt. . . . .	1,001.1	(2.5)%	11.3%	\$156.67
E. Rutherford. . . . .	569.9	22.1	6.5	69.58
Little Ferry . . . . .	235.6	1.2	2.7	24.59
Lyndhurst. . . . .	1,015.0	(6.7)	11.5	46.41
Moonachie. . . . .	452.7	(9.5)	5.1	N.A.
N. Arlington . . . . .	56.3	557.6	0.6	3.25
Ridgefield . . . . .	181.8	102.7	2.1	16.64
Rutherford . . . . .	183.1	12.3	2.1	9.22
S. Hackensack. . . . .	78.0	(17.0)	0.9	N.A.
Teterboro. . . . .	70.5	452.3	0.8	N.A.
Jersey City. . . . .	312.1	14.7	3.5	1.28
Kearny . . . . .	913.7	28.9	10.4	23.31
North Bergen . . . . .	1,359.0	(20.5)	15.4	27.90
Secaucus . . . . .	2,392.1	(2.2)	27.1	157.27
District Total . . . . .	8,820.7		100.0%	

SOURCES: HMDC Intermunicipal Account; U.S. Census.

Notes: <sup>a/</sup>For local non-school purposes. Excludes contribution to county government.

These figures illustrate one of the problems in assessing the significance of the fiscal distribution pattern for participating communities, which vary enormously in size and in the proportion of their area within the District. The contribution of Meadowlands revenue ranges from \$1.28 per capita in Jersey City to \$157.27 in Secaucus (Table 6). Similarly, the proportions of total municipal revenues attributable to the Meadowlands vary from less than 1% for Jersey City to 55% for Secaucus (Table 7). Whether this distribution is appropriate in view of the relative needs of the participating urban areas is questionable, although it should be recalled that only a small part of Jersey City lies within the District, so that its per capita tax is bound to be low (see Table 6). Nevertheless,

the present system does not really compensate those municipalities denied further development. Although lowering the local share to 50% in 1980 will change the outcome somewhat, the use of the proportion of land area within the District as the basis for reallocation of taxes makes little or no sense.

Table 7  
Meadowlands Contribution to Local Government Revenues:  
Hudson County Communities, 1976

Municipality	Total Revenue <sup>a/</sup> (\$ thousands)	Meadowlands Tax Share <sup>a/</sup> (\$ thousands)	Meadowlands' Percent of Total
Jersey City. . . . .	116,124.1	312.1	0.3%
Kearny . . . . .	14,098.9	913.7	6.5
North Bergen . . . . .	13,220.3	1,359.0	10.3
Secaucus . . . . .	4,371.9	2,392.1	54.7

SOURCES: HMDC data; Hudson County Board of Taxation, Abstract of Ratables, 1977.

Notes: <sup>a/</sup> Local non-school purposes only.

#### Impacts on Adjacent Urban Areas

Meadowlands development may be a mixed fiscal blessing for those surrounding communities that do not participate directly. Although they may expect indirect benefits through employment of their populations, the indirect effects through competitive losses to existing activities, diversion of new development, and diversion of state and federal funds could be serious in some instances.

The most obvious impact will occur where development in the District results in negative competitive effects on similar types of activities located elsewhere. Retailing is the most likely candidate for this type of impact if one or more of the proposed shopping centers are built. In view of the existing major shopping centers to the north and west of

the District, the probable effects of such retail development will be modest in the older urban cores to the west, such as Paterson and Passaic. For the area to the east, centering on Bergenline Avenue, however, the impact may be far more severe. Should Hartz Mountain's proposed center be built, and we consider this to be the most likely outcome, there will be substantial diversion of retail trade away from at least one section of Bergenline Avenue.

As discussed previously in Section IV, we anticipate that the ethnic oriented section of the Avenue in Union City may be better able to stand the competitive pressure than the more conventional area, which is largely in West New York. Since West New York is almost entirely residential, the fiscal effect of a decline in values on its principal shopping street should be a cause of concern. It is estimated that Bergenline Avenue accounts for about 12-1/2% of the total assessed value in the town. Of the \$7.32 million real estate taxes raised for local non-school purposes in 1977, the contribution from that source would have been about \$915,000. The fiscal impact of declining sales and values on the shopping street would not immediately be massive if sale losses did not much exceed 10%. If the street were decimated in the way that other downtown cores, such as Hackensack, are alleged to have been, then the effect would be very serious indeed. However, the greatest concern should be for the long-term effects of decline. The shopping area is now the only visible source of appreciation in real estate value on any scale in the town. If its growth is terminated, then there will be powerful fiscal repercussions in the future as costs of municipal services continue to increase.

Similar concerns have been expressed for the tax bases of other cities in which competing shopping centers are located. In view of our conclusions in Section IV, above, we do not anticipate major fiscal consequences elsewhere as a result of shopping centers in the Meadowlands.

For other types of development, the difficulty of estimating how much is diverted to the Meadowlands impedes calculation of fiscal impacts. Some three-quarters of the existing enterprises that have moved to the area are considered by informed observers to come principally from New York City or State. Most of the corresponding fiscal losses would occur there. Whether location of these and other new activities in the District has

diverted opportunities from surrounding low income communities is equally difficult to determine. In some instances, it is evident that such diversion of opportunities would be most unlikely. The small built-up municipalities on the Palisades to the east simply do not have the space necessary for development on this scale. Newark, on the other hand, does have marshland areas of its own. If our judgment (Section II, above) that Newark's opportunities for development may have been affected to a limited extent by the speed and scale of the District's growth is correct, then some tax base shift may already have occurred. If congestion and rising land prices reduce the attractiveness of the District at some future time, then Newark may be able to recoup some of this diversion. However, it seems important to recall that the most likely alternative location for development cited by our respondents was much further south in New Jersey on the edge of the metropolitan area. If this is correct, then diversion of opportunities for development in adjacent communities to the Meadowlands may have been relatively small.

A final fiscal issue concerns the impact of Meadowlands development on the availability of federal and state funds for adjacent communities. Full development of the District will require major investments in transportation and other urban infrastructure. Despite the availability of private capital, it is evident that much of this capital will come from public sources. Indeed, the innovative proposals of HMDC for using private funds as part of the matching local contributions would increase this flow. From the viewpoint of the District and those people who must cross it, this investment is both necessary and beneficial. Respondents in surrounding areas, however, were worried that overall constraint on the amount of resources that can go to the region might work to their disadvantage. Such concern was not solely related to capital investment. Proposals for improved bus services to the Meadowlands from surrounding communities were seen as beneficial in providing access to employment, but potentially destructive of plans to improve services elsewhere. Since state and federal subventions of various kinds now provide 30-40% of the total revenues for many poorer municipalities, any threat to the continuation of funds is viewed as serious.

This issue cannot be resolved by analysis. Rather, we want to emphasize the tendency of a dynamic area to draw resources to itself.



This has occurred in the past in federal programs such as urban renewal. It is especially necessary under the circumstances present in the Meadowlands that funding proposals be carefully analyzed for their diversionary effect.

### VIII. CONCLUSION: THE FEDERAL ROLE IN MEADOWLANDS DEVELOPMENT

In the previous sections, we have reviewed various aspects of Meadowlands development and assessed their current and potential impacts on the surrounding communities and people within those communities.

Hackensack Meadowlands Development Commission has gone far toward saving the Hackensack River and the marshlands and wildlife areas from total ruin, attempting to help meet regional needs for open space and recreation facilities, and proposing rational and ecologically sound solutions to the region's waste disposal problems. Despite the cost, these efforts win relatively wide support.

All the other areas of development are more controversial. Whether it be office space, light industry, warehouses, retail shopping malls, new transportation facilities, or middle and high income residential units, an argument can be made that these are being diverted from existing urban centers elsewhere in the region. Indeed, such arguments have been made by many different people in the past ten years regarding the Meadowlands development. This, of course, is one of the perils of creating a "new city" in an area where many of the older cities are experiencing significant population and job losses.

Had an agency of the federal government prepared a full-scale Urban Impact Statement on the proposed Meadowlands development during the mid-1960s, it might have foreseen the problem of diversion of resources and acted to discourage the HMDC, instead of giving a grant to the state of New Jersey to facilitate its creation. While the Meadowlands is in no sense a federal project, the U.S. Army Corps of Engineers did play a critical role in the flood control and land reclamation that made the development possible, and HUD's Office of New Communities enthusiastically supported the HMDC from the beginning, promising in early 1972 to guarantee \$50 million of the Commission's bonds.

We feel that there is a good deal of validity to the argument concerning diversion of scarce resources by the Meadowlands from surrounding

communities, to the extent of even calling into question the Meadowlands' most apparently positive impact, the creation of 42,500 jobs. If the business and employment opportunities have merely shifted from elsewhere in the region, then they are not "new" jobs, and Paul Ylvisaker's dream that establishment of the HMDC would "create full employment for northern New Jersey for the next generation" remains a chimera.

Therefore, particularly in this current period of extremely tight federal budgets, we recommend that federal agencies grant a higher priority to maintaining current expenditure levels and committing new funds to the older, distressed cities and to assisting lower income people, minorities, women and the elderly, than to assisting private development in the Meadowlands. Our view is that industrial and commercial development in the Meadowlands will proceed quite rapidly on its own due to a combination of currently favorable factors, and that federal involvement in the Meadowlands should be restricted to assisting policies and programs which are of direct benefit to distressed cities and people, such as subsidies to low and moderate income housing and for public transportation links to cities like Newark and Passaic.

#### RECOMMENDATIONS

In light of the general perspective outlined above, we make the following specific recommendations:

(1) President Carter's Executive Orders regarding the location of federal facilities and jobs and the targetting of federal procurement should be adhered to in northern New Jersey. The temptation by the federal government to utilize some of the available land in the Meadowlands should be resisted in favor of a commitment to saving the older central cities. The U.S. Postal Service has both a metropolitan bulk mail facility and a regional post office in the Meadowlands; these facilities might have been better placed in or near downtown Jersey City or Newark.

(2) HUD's Urban Development Action Grants should be targetted to cities and townships with serious fiscal and unemployment problems.

The market for commercial and industrial development in the Meadowlands appears to be very strong for the foreseeable future, and thus Hartz Mountain would undoubtedly have proceeded to build their industrial park and shopping mall even if North Bergen had not received a \$2.75 million UDAG to extend West Side Avenue. A UDAG to help save the Bergenline Avenue commercial strip, given its key economic value to the low-to-moderate income (and heavily Hispanic) communities of West New York and Union City, should be a very high priority for HUD in the coming year. Provision of off-street parking appears to be especially important. In general, UDAGs are of greater use in places like Paterson and Elizabeth than in connection with Meadowlands development.

(3) HUD should use the leverage of its Community Development Block Grants to ensure that the Meadowlands communities absorb their fair share of low and moderate income elderly and family housing for Bergen and Hudson Counties, to help meet regional housing needs as called for in the HMDC Master Plan. The Office of Community Planning and Development and the Area Office in Newark should work together with the respective County Community Development offices, the HMDC, and community groups to encourage new construction of low and moderate income residential units in the Meadowlands and to support affirmative marketing to make sure that the units are racially integrated.

(4) In addition to the use of CDBG funds, HUD's housing strategy for the Meadowlands should include greater flexibility in the use of Section 8 and other subsidies, so that these subsidies can help finance a genuine income and racial mix within the framework of high-rise, condominium units, which are the predominant residential structures planned for the Meadowlands. HUD should also encourage the New Jersey Housing Finance Agency to adopt this same flexibility.

(5) The U.S. Department of Transportation should assist in helping meet the transportation needs outlined by HMDC in the Master Plan and in more recent studies. In particular, DOT should fund planning, development, and operation of greater public transportation between the Meadowlands employment areas and the older distressed cities where a large percentage of the region's unemployed are located.

(6) The U.S. Department of Labor should continue to support the Job Bank operated by the Meadowlands Chamber of Commerce with CETA funds, and should encourage local U.S. Employment Service offices and other training and placement centers to work more closely with the growing number of Meadowlands employers in an effort to place more people from nearby high-unemployment cities into Meadowlands jobs. Additional efforts should be made by DOL to encourage affirmative action in hiring and promotion within the Meadowlands, particularly of black and Hispanic people.

(7) The U.S. Department of Commerce and the Small Business Administration should promote and assist minority entrepreneurship within the Meadowlands, of which there is now virtually none. Other economic development efforts in the region should be focused on the older distressed cities, however, and not on the Meadowlands.

(8) The Environmental Protection Agency should assist the HMDC in finding new ways to meet the huge problem of solid waste disposal for the region. Disposing of 48,000 tons of garbage a week without further landfill is going to be difficult and costly. Federal assistance will be beneficial to all area residents.

(9) Given the many actual and potential impacts of Meadowlands development discussed in this report, HUD should be prepared to make 701 Planning Grants available to places like Union City and West New York to help them analyze, plan for, and adapt to these impacts so that their communities can be improved rather than having their employment opportunities and current population displaced.

APPENDIX A

LIST OF PERSONS INTERVIEWED

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Ms. Susan Annisfield, Planner  
Hackensack Meadowlands Commission  
Secaucus, NJ

Mr. Richard Anderson, Vice President  
Regional Plan Association  
New York, NY

Mr. Harold Bell  
Department of Urban Planning  
Columbia University  
New York, NY

Mr. Thomas Bruinooge  
Attorney for CRUSDAE  
Rutherford, NJ

Mr. Stephen Cowen, Vice President  
Hartz Mountain Industries  
Secaucus, NJ

Mr. Vincent DeGennaro, Assistant Manager  
Schlesinger's (Clothing Store)  
West New York, NJ

Mr. Alfred Faiella, Executive Director  
Newark Economic Development Corporation  
Newark, NJ

Ms. Grace Harris, Executive Director  
The Planning Association of North Jersey  
Clifton, NJ

Mr. Richard Jacobs  
Schlesinger Realty  
Clifton, NJ

Mr. Richard Johnston, Executive Vice President  
Meadowlands Chamber of Commerce  
Lyndhurst, NJ

Mr. John Keith, President  
Regional Plan Association  
New York, NY

Mr. Lawrence Kramer, Mayor  
Paterson, NJ

Mr. William Musto, Mayor  
Union City, NJ  
(also a member of New Jersey State Senate)

Mr. Daniel F. Pawling, Manager  
Plan Coordination  
Tri-State Regional Planning Commission  
New York, NY

Mr. Richard Roberts  
Transportation Planner  
Hackensack Meadowlands Commission  
Secaucus, NJ

Mr. James Rodino  
Office of Community Development  
Hudson County Planning Office  
Jersey City, NJ

Mr. Joseph Romano, Chairman of CRUSADE  
Robert's Jewelry  
Bergenline Avenue  
Union City, NJ

Mr. James Sacher, Legal Counsel  
Fair Housing Council of Bergen County  
Hackensack, NJ

Mr. William Shore, Vice President  
Regional Plan Association  
New York, NY

Mr. David Stadtmauer, Director  
Division of Economic Development  
Department of Community Development  
Paterson, NJ

Mr. Raymond Treiger, Vice President  
R. H. Macy & Co.  
New York, NY

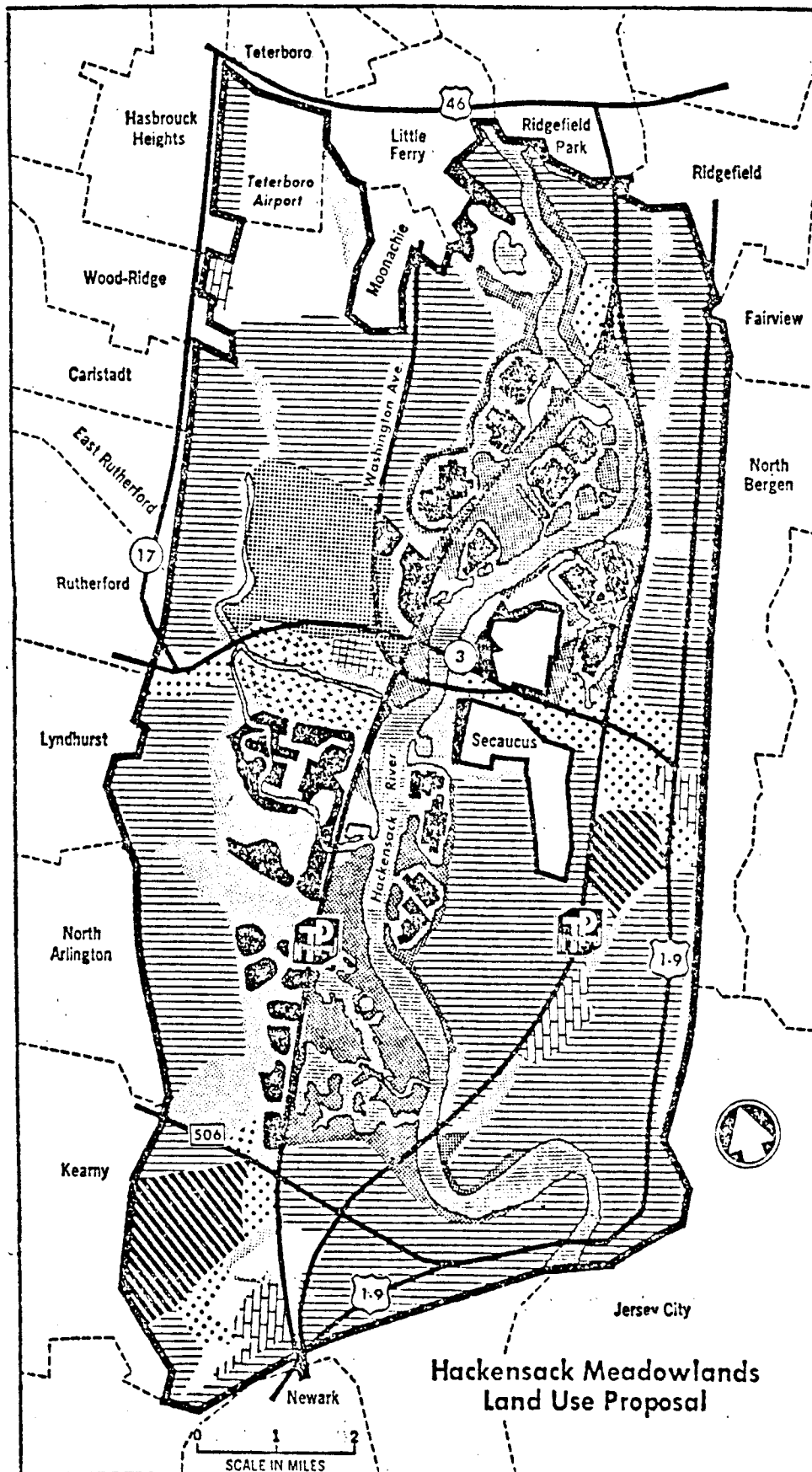
Mr. Sidney Willis, Director  
Department of Community Development  
Paterson, NJ

Mr. James Wilson, Transportation Analyst  
Tri-State Regional Planning Commission  
New York, NY



APPENDIX B

MAP OF PROPOSED LAND USE



**Hackensack Meadows  
Land Use Proposal**

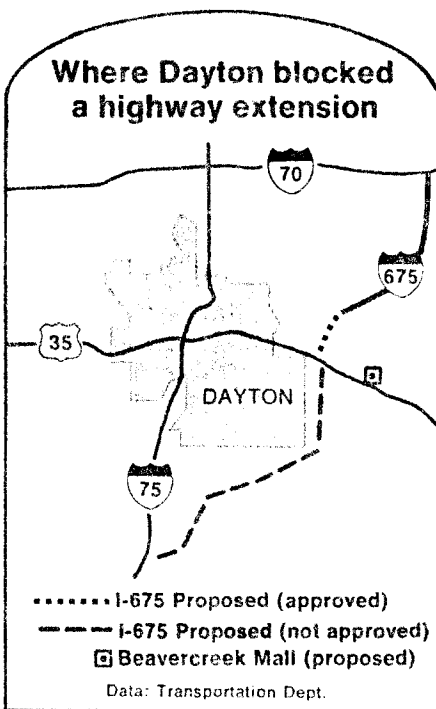
## URBAN AFFAIRS

## The inner cities get an antisuburb weapon

City officials and urban planners have long argued that the federal government should help cities not just by pouring in funds for redevelopment but also by tilting grants—for highways and sewers, for example—away from suburbs and into downtowns and inner-city neighborhoods. In actions that are starting to stir considerable controversy, the Carter Administration is moving in the pro-city direction. Recently, the White House set up criteria for measuring federal grants in terms of their "urban impact"—that is, whether they help or hurt existing cities. Now, in an even stronger action, a new White House directive gives cities a chance to block a federal decision or a federal grant that would help a suburban shopping mall, for example, if it would "result in damage to existing commercial areas."

Transportation Secretary Neil Goldschmidt demonstrated how the policy works by denying \$80 million in federal highway funds to complete a major bypass around Dayton, Ohio (map). Among the reasons he cited for vetoing a proposed 13.5-mi. segment of I-675 were "urban sprawl, energy consumption, damage to the central city economy, and dislocation of employment away from existing residential centers."

**Clamping down.** Even before this extension of the Administration's urban policy was made formal on Nov. 23 in a nine-page document entitled "Community Conservation Guidance," federal officials had been clamping down on highway construction that would pull business out of downtown business districts. Many federal programs—Transportation's mass transit grants, and the action grants of the Housing & Urban Development Dept., for example—put



billions of dollars into attempts to restore economically distressed central cities. The new policy is designed to shut off federal aid that works counter to this effort. In Charleston, W. Va., Transportation Dept. officials, backed by the mayor and downtown business interests, took a stand against giving a planned regional shopping mall—13 mi. outside town—access to an interstate highway. The developer, Cafaro Co., of Youngstown, Ohio, subsequently joined in a downtown commercial development that was, in effect, an extension of the existing Charleston business district.

Other agencies whose grants or actions can now be questioned include the Environmental Protection Agency, the Commerce Dept.'s Economic Development Administration, the Army Corps of Engineers, and the Agriculture Dept.'s Farmers Home Administration.

HUD Secretary Moon Landrieu, who announced the new directive, denies that the policy is anti-suburban. It could also be invoked, he says, to protect existing suburban communities.

The new policy, says Landrieu, gives the mayor "a voice, not a veto" in a decision made by federal officials. The mayor files a request to the federal agency head asking for a "community impact analysis" of the pending action, and the federal agency has to reply within 45 days.

**\$50 million extension.** Carter's new urban policy directive was welcomed by the nation's mayors but was strongly opposed by the National Retail Merchants Assn., which says "it might slow down expansion or construction of [shopping] centers." The International Council of Shopping Centers, a trade association, also opposes the new program. At a

recent shopping center conference in Washington, Harvard Professor Brian J. S. Berry said the new effort to regulate competition between the central business district and suburbs is "the wrong thing in the wrong place at the wrong time." However, in the Dayton case, Goldschmidt showed that the new policy is not an "all-or-nothing" choice. While turning down a long piece of the proposed bypass, he approved a \$50 million, 3-mi. extension. This hooks I-675 up with a local highway, which means the bypass no longer stops dead in the middle of open ground.

James Digregory, of Debartolo Corp., developers of the proposed \$30 million Beaver Creek Mall near the Dayton bypass, said his company would proceed with construction next year anyway. Goldschmidt's decision, he said, "had no adverse effect on us."

## A law that prevents economic disruption

Land use law is taking a new twist in Vermont, where a statute aimed at protecting the environment is now being used to block development of a suburban shopping mall—not because it would be a blight on the landscape but mostly because it would allegedly damage the economy of neighboring Burlington, the state's largest city.

For two years, Pyramid Companies, a Dewitt (N.Y.) developer, has sought local approval for an 82-store mall in what is now a hay field 5.5 mi. from downtown Burlington. On Oct. 12, the Chittenden County Environmental Commission said no on the grounds that because the shopping mall would hurt Burlington's economy, its construction would run counter to a provision of the state's controversial Act 250 land use law that controls new developments.

**Florida, too.** Although the Vermont law is generally regarded as unique, there are indications that other states and cities are moving to control growth that could have adverse economic impact. In Florida, for example, which is divided into 11 planning regions, a region can appeal to the state if it feels a proposed project could harm it economically. And in California, which requires environmental impact reports for private and public developments, attempts to pass a state law that would extend the reporting to include economic impact have so far been defeated. But since Proposition 13, says Raymond L. Watson, a partner in Newport Development Co., a Newport (Calif.) builder, "more and more local communities are asking for economic impact statements."

The Vermont decision was hailed by Governor Richard A. Snelling, who says it upholds the unusually broad and tough tests imposed on developers by Act 250. The law was conceived by environmentalists in 1972 as a means of preventing helter-skelter development of ski resorts and condominiums. "This decision does not put Vermont in the position of being hostile to sound development," says Snelling. "It simply says that developments should be thoughtfully placed."

The proposed Pyramid mall, situated in the tiny village of Williston, would have created a 440,000-sq.-ft. shopping center, anchored by a Montgomery Ward store, that would have been bigger than the entire Burlington retail district.

Data supplied to the commission showed that the assessed value of Burlington's commercial property would

decline if the mall is built and that the city's income from property taxes would drop 10% to 14%. This was the keystone of the commission's argument that the mall would cause economic disruption of surrounding as well as immediate areas, which is forbidden by Act 250. The project also would cause traffic problems and strain services in Williston, the commission argued, but it agreed that the carefully designed mall caused no esthetic problems and posed no threat to air or water quality.

**Smaller version.** W. Gary Craig, Vermont representative for Pyramid, which has already spent about \$2 million on the project, said the company will challenge the decision. In particular, the company questions data supplied by Burlington officials that showed the mall would cause a loss of up to \$1.6 million annually in tax revenues.

Gordon H. Paquette, Burlington's mayor and a leading opponent of the mall, may try to persuade Pyramid to build a scaled-down version within the city limits. But if Pyramid tries to overcome Act 250 in the courts, observers figure it could take three to five years before a decision is made. ■