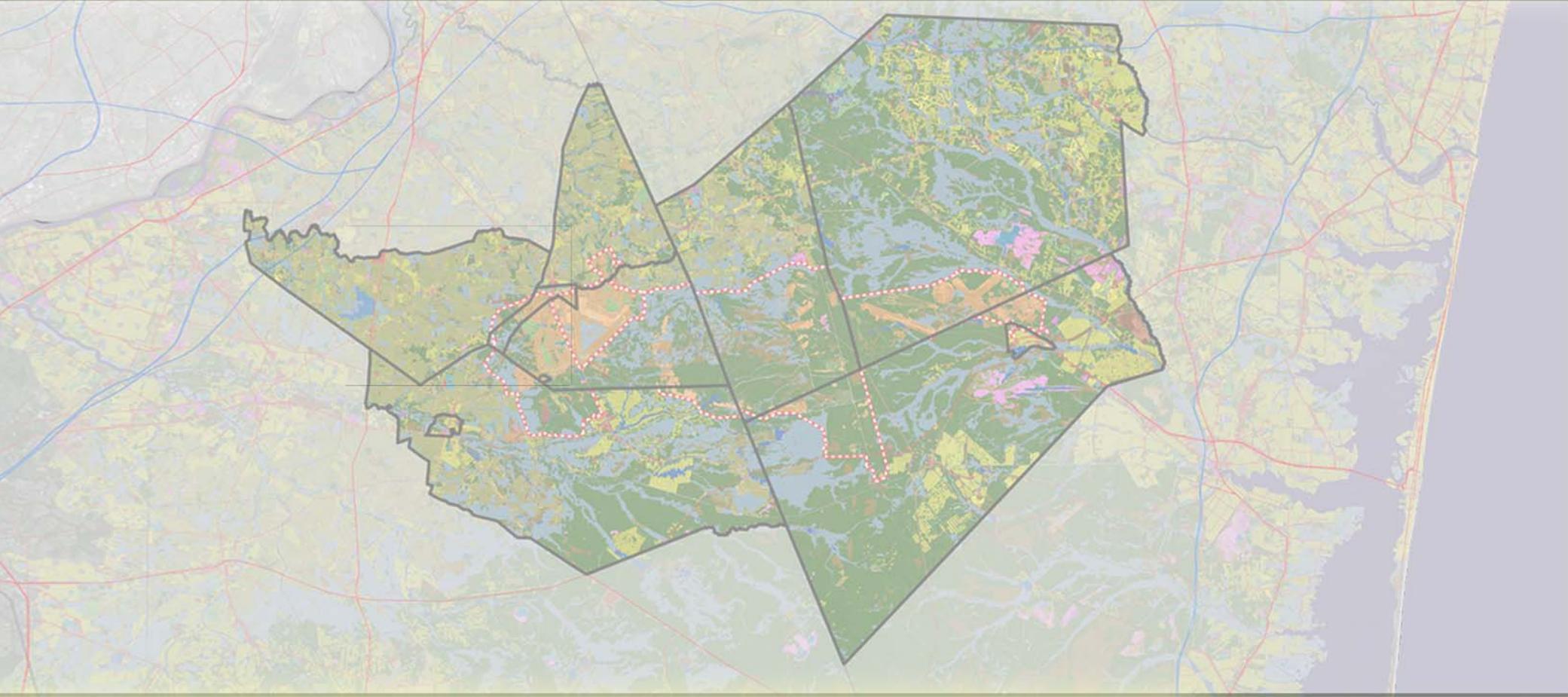


Joint Base McGuire-Dix-Lakehurst Joint Land Use Study for Counties of Ocean and Burlington



Section 10 - Economic Considerations

The primary focus of this study is an examination of the land use constraints posed by Joint Base’s expansion and their implications for future local growth. Notwithstanding those constraints, as the region’s primary economic driver, Joint Base’s expansion presents significant opportunities and has rightly been greeted with enthusiasm. This section discusses how Joint Base, the Study Area’s demographic characteristics and other regional economic attributes could be leveraged to catalyze economic development within the Study Area.

The section examines the following:

- **Demographic trends** in Burlington and Ocean Counties.
- **Base growth** as a regional economic driver.
- **Economic growth sectors**, defined as those with relatively high projected growth, wages, and/or employment. Four sectors were identified: manufacturing, health care, education, and retail.
- **Economic development strategies** to nurture each of those sectors, including potential development sites for those uses. Joint Base lies at the center of many of these strategies.
- **Summary of conclusions and potential next steps** towards a more cross-the-board economic development assessment and strategy, should that be deemed useful.

Demographic Trends in Burlington and Ocean Counties

Demographics of Burlington and Ocean Counties were examined to identify characteristics that would inform economic development recommendations.

Population Characteristics and Growth

In most respects, the two counties are typical of the state overall. For instance, as of 2006, the two counties and New Jersey have had comparable rates of high school graduation, unemployment, and home foreclosure rates. However, there are notable differences from the state norm. Median household income and median rents in Burlington and Ocean Counties are higher than the state median, and median home values were higher in Ocean, suggesting

Table 10. 1 Similar Demographic Characteristics

	NJ	Burlington	Ocean
% Population with high school diploma or higher	86%	90%	88%
Unemployment	6%	6%	7%
% Homes – Single family units	75%	79%	85%
Foreclosure rate	2.6%	2.6%	2.1%
Mean travel time to work (minutes)	29	27	31

Table 10.2 Dissimilar Demographic Characteristics

	NJ	Burlington	Ocean
Median household income	\$55,000	\$68,000	\$64,000
Median rent	\$970	\$990	\$1,150
Average home value	\$310,000	\$260,000	\$370,000

Sources: US Census, Bureau of Labor Statistics.

the influence of the New Jersey shore resort area.

The most notable difference between the Counties and the State was in terms of population growth: the population of Burlington and Ocean Counties has grown markedly faster than that of New Jersey as a whole. While New Jersey’s population grew by nearly 4% between 2000 and 2006, Burlington County saw over 6% growth, increasing its population from 423,000 to 450,000 residents, and Ocean experienced a 10% increase, growing from 511,000 to 562,000 residents in the same period.

Seniors were integral to the growth in Burlington, suggesting that the area is becoming an increasingly desirable retirement location. Between 2000 and 2006, the over 60 age cohort constituted 40% of growth in Burlington County, compared to 31% statewide. By contrast, the senior population growth in Ocean was only 14%. While seniors did not drive growth in Ocean, the county already has a comparatively large senior population, 26% of its residents are 60 or over, as compared to 18% in Burlington and statewide.

Section 10 - Economic Considerations

Joint Base Growth: An Economic Driver of Growing Importance

Joint Base Employment

A discussion of the regional economy must begin with an understanding of Joint Base. Joint Base is the largest employer in Burlington and Ocean Counties; as noted earlier, upon consolidation Joint Base will provide employment to 22,000.

Table 10.3 Joint Base Employment by Manning Levels (2008)

	McGuire ¹	Fort Dix	NAES Lakehurst
Military	5272	17	275
Civilian ²	1274	1339	1839
Contractor	37	1295	302
Guard/Reservists	3306	1185	266
Students/Mobilization ³	0	2563	0
Total ⁴	9889	6399	2682

¹ McGuire numbers based on authorizations

² Civilian numbers include some non-DoD Tenants

³ Students/Mobilizing soldiers numbers will vary based on outside factors

⁴ Totals don't include private businesses/organizations that reside on JB MDL

Job security and competitive salaries and fringe benefits make base civilian employment highly desirable. While the majority of civilian employees reside in Ocean and Burlington Counties, daily commuters travel from points as distant as New York, Delaware and Pennsylvania. The civilian employment distribution of Burlington and Ocean County residents across the Joint Base is presented in the following table.

Table 10.4 Joint Base Civilian Employment Distribution

	Burlington County	Ocean County
McGuire AFB	45%	3%
Fort Dix	71%	4%
NAES Lakehurst	15%	57%

NAES Lakehurst draws a higher portion of its workforce from its neighboring county. This is probably explained by the fact that as a major DoD research and development activity it

offers relatively higher paying engineering jobs. Additionally, the technical mission relocated to NAES Lakehurst from Philadelphia in 1977 and some of the original employees are still employed and have maintained residences in the Philadelphia suburbs.

The Joint Base also provides high wages relative to other earnings in the surrounding area; significant hiring is occurring; and there are substantial contracting opportunities for local businesses. NAES Lakehurst is illustrative of these phenomena. As shown in the graphs below, the NAES Lakehurst average salary is more than double the Ocean County average, and approximately double the State average.

Chart 10.1 NAES Lakehurst, Fort Dix, & McGuire AFB Civilian Median Income Comparison

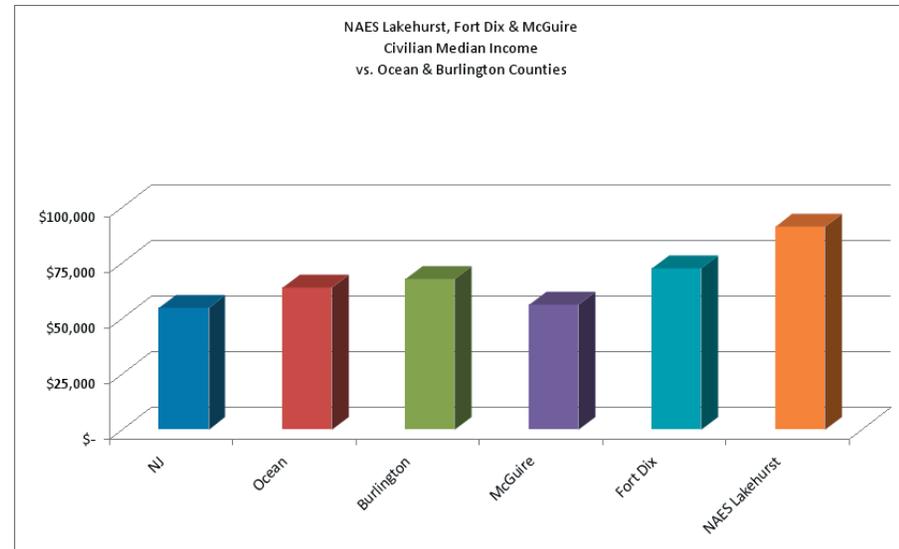
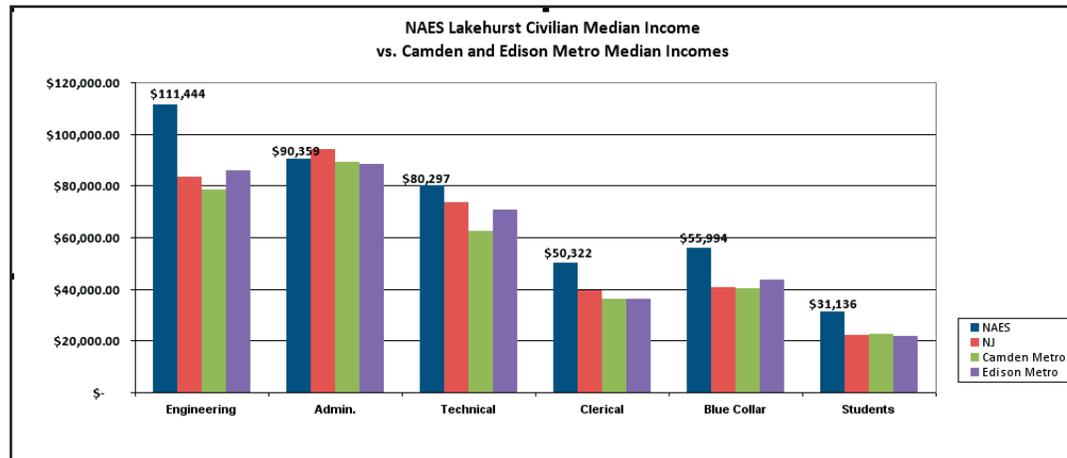
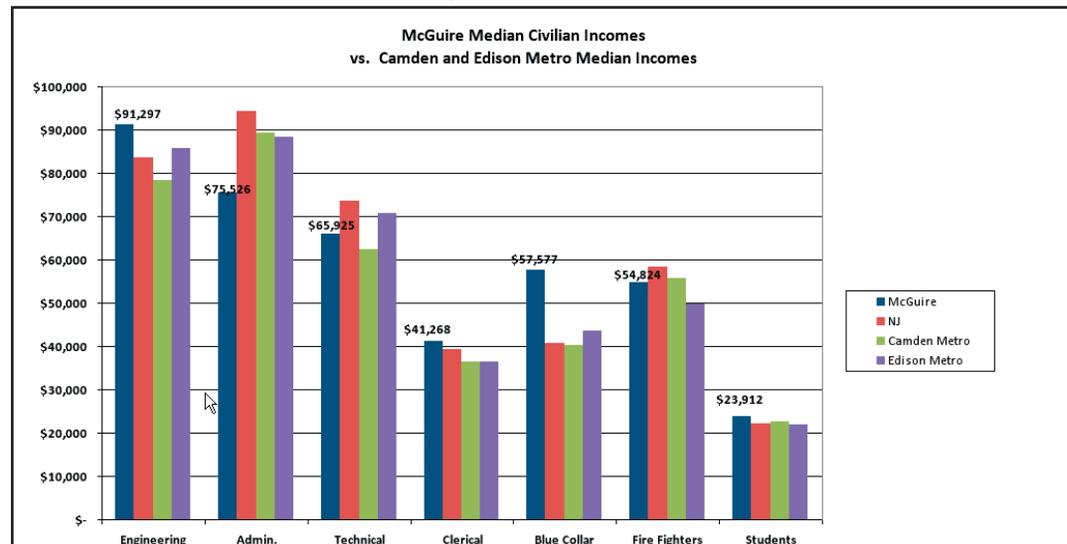


Chart 10.2 NAES Lakehurst Civilian Income Comparison



Sources: Lakehurst NAES personnel (February 2009), Base Data compared to NJ Department of Labor Employment and Wages, Occupational Employment Statistics using the state and metro regions data searches and occupational titles: Professional data compared to managers; all others to data, technical and professional. Engineering data was the average of civil, electrical, environmental, and mechanical median incomes. Administrative data was compared to office and administration for public services. Technical data was compared to architecture and engineering occupations, technical and professional. Clerical was compared to office and administration support workers; other was compared to public services. Blue Collar was compared to manufacturing maintenance and repair. Students were compared to file clerk positions, professional and technical services. ** Does not include Base Tenants

Chart 10.3 McGuire AFB Civilian Income Comparison



Sources: McGuire AFB personnel (February 2009), Base Data compared to NJ Department of Labor Employment and Wages, Occupational Employment Statistics using the state and metro regions data searches and occupational titles: Professional data compared to managers; all others to data, technical and professional. Engineering data was the average of civil, electrical, environmental, and mechanical median incomes. Administrative data was compared to office and administration for public services. Technical data was compared to architecture and engineering occupations, technical and professional. Clerical was compared to office and administration support workers; other for public services. Blue Collar was compared to manufacturing maintenance and repair. Students were compared to file clerk positions, professional and technical services, Fire Fighters were compared to Fire Fighters. ** Does not include Base Tenants.

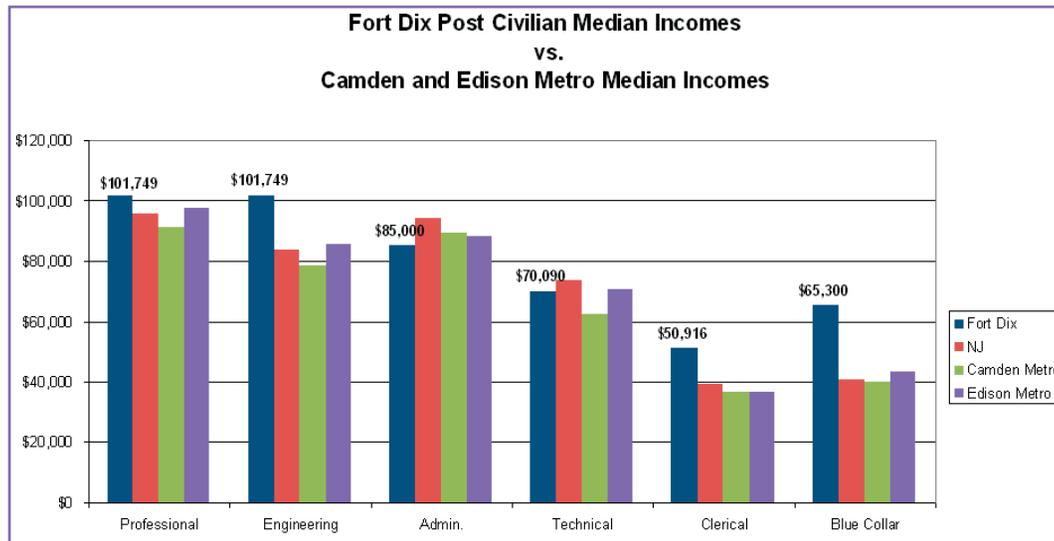
In a difficult market environment, the Joint Base is expected to provide new jobs to the community. In addition to these permanent jobs, significant, BRAC-related construction will take place on Joint Base, with potential opportunities for local businesses to capitalize on Joint Base construction and contracting.

As can be seen from the charts, the military civilian jobs are well paying. It would be advantageous for the two counties to coordinate the development of academic programs with the military to ensure the student population is well prepared to fill these positions in the future. During the JLUS process, it was mentioned during Policy Committee meetings that many of the currently employed civilian workforce at the Joint Base may be approaching retirement. This may introduce additional future job openings above the expected Joint Base estimates.

Ocean and Burlington County have higher education campuses nearby the Joint Base; Ocean County Community College and Burlington County College, respectively. Ocean County is currently working in cooperation with NAES Lakehurst to develop educational programs that prepare students to enter college level engineering programs by enhancing math and science curriculum. Ocean County Community College, Ocean County, and NAES Lakehurst are also researching the possibility of partnering with an engineering college to get a satellite campus into the region.

Burlington County College (BCC) has also partnered with Drexel University in several engineering programs. BCC has campuses in Pemberton Township and Mt. Laurel and has a good number of regional centers and satellite locations. Expansion plans may branch BCC into Wrightstown Borough.

Chart 10.4 Fort Dix Civilian Income Comparison



Sources: Fort Dix Personnel (February 2009), Base Data compared to NJ Department of Labor Employment and Wages (based on U.S. Census data), Occupational Employment Statistics using the state and metro regions data searches and occupational titles: Professional data compared to Managers all others data, technical and professional. Engineering Data was the average of Civil, Electrical, Environmental, and Mechanical Median Incomes. Administrative Data was compared to office and administration for public services. Technical data was compared to Architecture and Engineering Occupations, technical and professional. Clerical was compared to office and administration support workers, other for public services. Blue Collar was compared to Manufacturing Maintenance and Repair. ** Does not include Base Tenants. (Engineering and Professional data from Fort Dix was combined into one median income source and therefore the same number was used twice)

The Impacts of Joint Base Construction

IMPLAN was used to broadly assess the economic benefits of BRAC-related construction projects. IMPLAN is the Impact Analysis for PLANning Input-Output model, which was developed at the University of Minnesota with the U.S. Forest Service’s Land Management Planning Unit. IMPLAN is widely-used for the preparation of economic impact analyses by public and private entities throughout the U.S. IMPLAN traces the pattern of commodity purchases and sales between industries that are associated with each dollar’s worth of a product or service sold to a customer, analyzing interactions among 528 industrial sectors. The model used for this project utilizes data specific to New Jersey. Data sets were adjusted from January 2004 to December 2008 according to the Consumer Price Index.

IMPLAN was used to model the estimated economic impacts associated with the seven major construction projects planned across Joint Base, including leased property of the 108

ARW. These projects include (all construction cost estimates listed in current dollars):

- Hangars and MAG HQ (\$75M construction cost)
- Navy VR Fleet Logistics Ops Facility (\$55M)
- Navy and Marine Corps Reserve Center (\$20.6M)
- C-130 Flight Simulator (\$3.4M)
- Munitions Maintenance Facility (\$1.7M)
- Aviation Support Facility (\$13.1M)
- AIMD/ASD (\$37M)

The reader should note that these impacts are related to construction only, and do not take into account permanent benefits. Three categories of economic impact were modeled:

- *Economic output* – Measures the economic activity, or sales, of each sector throughout the City’s economy resulting from the construction employment activity.
- *Employees (not full-time employee equivalent)* – Measures amount of new employment, regardless of full or part-time status, during construction period.
- *Compensation* – Measures wages and benefits derived as a result of construction employment. Fringe benefits were assumed to constitute 30% of total compensation, and wages the balance.

Table 10.5 Joint Base Construction Summary of Estimated Economic Outputs¹

	Direct	Indirect	Induced
Economic Output	\$ 160,590,000	\$ 39,520,000	\$ 76,720,000
Employees (Not FTE equivalent)	1,264	310	676
Compensation	\$ 52,020,000	\$ 12,558,000	\$ 26,050,000
Average Compensation per Worker	\$ 31,500	\$ 31,000	\$ 30,000

¹ IMPLAN’s job estimates include both full and part time employment. Compensation per worker may be appear low due to the incorporation of both full and part time positions. In addition, the estimates make no direct assumption about the usage of union or non-union labor, only utilizing current trends and patterns.

Each category produces direct, indirect and induced impacts. *Direct* effects are those related to the initial spending in the economy. *Indirect* effects are created when secondary businesses produce goods and services as a result of that initial spending. The spending that employees and their households make from income earned is the *induced* effect.

Based on the proposed program, BRAC-related construction will provide significant economic impacts, detailed in the table below (all estimates in current dollars). These impacts include:

- \$275M in total economic output
- Approximately 2,000 jobs
- \$80M in total wages

The three military installations are increasing their missions; therefore, more construction projects and services will be needed now and into the future. Local Contractors should seek to acquire these contracts. The military and local contractors would benefit from working together due to low overhead costs for both. The military would also benefit from the convenience of having local contractors available to remedy problems quickly and efficiently arising after work

Table 10.6 New Positions to Be Hired At McGuire/Fort Dix and NAES Lakehurst, 2009-2012

Facility	Types of Jobs	Hire Date	Range of Salaries
McGuire/Fort Dix ²	<ul style="list-style-type: none"> • 1,025 military • 25 civilian • 1,600 reservists 	By September 15, 2011	<ul style="list-style-type: none"> • Military: Range from \$19,000 to \$144,000. Most positions likely between \$52,000 and \$118,000. • Civilian: Helicopter technicians range from \$48,000 to \$56,000; others, \$60,000 to \$94,000.
NAES Lakehurst ³	<ul style="list-style-type: none"> • 100 full-time guardsmen • 430 part-time guardsmen • 249 National Guard Technicians • Up to 310 engineers 	Anticipated 2010-2012	<ul style="list-style-type: none"> • Military: Range from \$19,000 to \$144,000. Most positions likely between \$52,000 and \$118,000. • Part-time guardsmen: Range from \$41,000 to \$128,000; most positions likely \$48,000 between \$58,000. • Technicians: Majority most likely between \$63,400 and \$98,800. • Engineers: Range between \$76,000 and \$117,000.

Notes:

1. Annual salary only, calculated based on appropriate Military or General Service pay scale. Does not include fringe benefits.
2. McGuire/Fort Dix positions assumed to include range of E2 to O6 (military) and GS11-12 and WG-10 (civilian). Philadelphia Metro Area (RUS) wage area used to determine range of McGuire GS salaries.
3. Lakehurst positions assumed to include range of E2 to O6 (military); E2-W2 and WG10-WG11 (reserve technicians); and GS12-13 (engineers). New York-Newark-Bridgeport (RUS) wage area used to determine range of Lakehurst GS salaries.

has been completed. Keeping contracts local not only benefits the local contractors but also has a multiplier effect on the local community, because local contractors spend money where they live, benefiting other local businesses. Both counties should provide workshops to educate local contractors about specific federal procedures which need to be complied with in order to secure Federal government contracts.

The Impacts of New, Permanent Joint Base Employment

In addition to BRAC-related construction, Joint Base can anticipate many new employment positions in the coming years, both as a result of BRAC and other factors. These include:

- *McGuire* – As noted in Section 5 of the report, 625 active military, 25 civilian, and over 1,600 reserve positions will be added by the end of September, 2009. These personnel will be relocated to McGuire from Willow Grove, PA; Cambria and Johnstown, PA; and West Trenton, NJ.
- *NAES Lakehurst* – 100 full-time and 430 part-time Guardsmen currently deployed in Iraq will return by 2011. As noted above, up to 310 new engineer positions

are anticipated to staff newly constructed NAES Lakehurst facilities by the end of 2010. Additionally, 164 National Guard technicians will be staffed at the National Guard Combined Logistics Training Facility (CLTF) upon completion of phase one, in 2010. Phase two has been approved but construction funds have not been released so a completion date has not been determined. The staffing increase associated with phase two is an additional 85 National Guard technicians.

- *Fort Dix* – The substantial assets to be moved here as a result of the BRAC process (discussed in Section 5) are likely to drive job increases. Detailed Data for these jobs was not available.

As discussed in Section 5, it is expected that BRAC-related

Section 10 - Economic Considerations

relocations will result in minimal job loss at Joint Base, as well as negligible increased demand for housing, local government services, and school services.

A detailed breakdown of the various types of and pay grades for each position was not available at the time this report was drafted. However, the likely range of positions and overall compensation for new McGuire/Fort Dix and NAES Lakehurst positions were available. Based on an analysis of 2009 Federal pay grades, salary ranges are summarized in the table below.

While a detailed breakdown of job types and salaries would be required for projecting indirect and induced economic impacts, the above data provides sufficient information for a preliminary estimate. If one assumes approximately 1,500 permanent jobs, characterize them as military engineering/technical positions, and apply an average salary of \$80,000, the indirect and induced economic impact of these new hires, according to IMPLAN input-output modeling, would include:

- Economic output: \$32M indirect, \$48M induced
- New jobs: 220 indirect, 430 induced
- Compensation: \$9.7M indirect, \$20M induced.

While the exact economic impact of these permanent jobs is not known at this time, they will certainly be of substantial value to the community. Besides the current economic climate, the average salaries in growth industries identified below makes clear the importance of Joint Base employment.

Economic Growth Sectors

Based on an analysis of Bureau of Economic Analysis and Census data, four industries in Burlington and Ocean Counties are characterized by high absolute employment, high forecasted job expansion, and/or high wages:

² The analysis for much of this study was undertaken in 2008. While it is clear that key industries identified in this study will most likely not see the growth forecasted by the Bureau of Labor Statistics in the short term, we believe these sectors will be integral to the two counties' eventual economic recovery.

³ Cushman and Wakefield (C&W) defines Central New Jersey as Hunterdon, Mercer, Middlesex, Monmouth, Somerset, and Union Counties. It also includes activity in Burlington County. Since Burlington is not closely monitored by C&W, and Ocean County is not included in their market data, additional interviews were used to supplement this information and provide a regional context.

- *High wages, limited growth potential in the Manufacturing.* With a relatively high average salary of \$47,600 in New Jersey, and with the third largest employment in Burlington, this is clearly a sector to protect. But as is the case in many parts of the nation, manufacturing is in decline; the Bureau of Labor Statistics forecasted a loss of 2,350 (12%) jobs between 2000 and 2014.²
- *High employment, high growth potential in Health Care.* This is a sizable sector in the study area: as of 2004, it was the largest sector in Ocean (27,700 jobs), and the second-largest in Burlington (23,300). While relatively low-paying, with an average annual wage of \$33,000, it was projected to grow the most rapidly of any industry with an estimated 16,000 new jobs between 2004 and 2014.
- *High employment, modest growth potential in Education.* With over 34,000 existing jobs, this cluster was expected to generate 3,000 additional jobs from 2004 to 2014. It is, however, relatively low-paying, with an average annual wage of \$26,000. Moreover, educational uses contribute to overall workforce quality, and should therefore be encouraged as an economic development strategy in itself.
- *High employment, limited growth potential in Retail.* This has been an important sector in both counties. It is the largest combined industry with 56,500 jobs, and retail jobs are projected to grow by 7,500. However, retail has a low average salary of \$22,700 per year. Additionally, as of September 2008, 1.4M SF of retail inventory was set to come on-line in Central New Jersey, according to Cushman & Wakefield.³ Because this new inventory is coming on line in an uncertain economic climate, significant additional retail growth in the region is not anticipated in the short term.

Economic Development Strategies

Methodology & Context

To begin to think through how local policymakers might grow each critical sector noted above, local brokers and other experts in the regional market were consulted to review site requirements, market demand, and overall attractiveness of both counties and the region. This information was then used, along with familiarity with the regional real estate marketplace, and key land use findings from other aspects of the JLUS, to prioritize potential development parcels for

public sector attention. Economic development strategies and case studies are presented for each sector and its potential development sites, as relevant. Potential development sites are properties that were considered for development industries by their proximity to the Joint Base. These sites are representative examples of economic growth that is compatible with the Joint Base and located within the JLUS 2-mile study area. In some instances, growth is proposed within a Joint Base noise zone. The proposed type of growth is compatible with DoD land use guidelines for considering noise in land use planning (see Appendix 13.5) and compatible with existing or planned land use within the communities.

Before discussing each sector, the following points concerning the overall development climate are worth noting:

Potential real estate development must be considered in the context of the current recession. In an environment where private capital is scarce, the Federal government is poised to act as investor in many economic development projects. Those development projects which have completed planning work, have significant public support, and are ready to implement will be most effective in competing for public funding, and will be the first private projects developed when the markets improve.

However, the current economic climate does not entirely preclude private development. For example, Cushman & Wakefield noted in their fourth quarter, 2008 report for the Central and Northern New Jersey industrial market that, while industrial construction had fallen overall during 2008, it had recovered somewhat by the end; and that manufacturing, while still experiencing a long-standing decline, was a bright spot for investors seeking companies to turn around. And while the report forecasts rising vacancy rates in 2009, projects with anchor tenants that can be custom-built on vacant sites are projected to move forward.

Manufacturing

Development Requirements and Sector Context

Manufacturing and light industrial companies seek a flexible development model that can adjust to administrative, R&D, light manufacturing, and warehousing needs as the company grows and the market changes. As can be seen in Monmouth County's Logan business park, development consists primarily of built-to-suit space that has the infrastructure, parking

and HVAC capability to be used as entirely office or entirely manufacturing as needed. These companies have a wide range of space needs from 2,500 – 100,000 SF in one or multiple buildings. Developers prefer greenfield sites that can accommodate this mode of development at minimal cost. While a single manufacturing use may only need 1-2 acres, manufacturing is often successful as a cluster of uses on a large site.

Light industrial sites must also be close to major transportation arteries to access regional markets. Western Burlington County has potential for additional light manufacturing uses because of its proximity to both the base and I-95. The portions of the two counties south of the base are significantly constrained due to lack of transportation access; the condition of Route 70 as a two lane road is prohibitive to distribution uses within the JLUS study area because it slows traffic considerably. Widening the road would connect this area with regional JLUS industry centers. Road expansion projects are subject to Pinelands environmental standards

Case Study: Cumberland Valley Business Park Letterkenny, PA

This 1,200-acre business park mixes light industry and distribution, and is located on the portion of the Letterkenny Army Depot decommissioned through BRAC. A business planning process that included market analysis and an infrastructure investment strategy guided the creation of the Park in the late 90s. The development authority that manages the Park has experienced steady success; having sold or leased the vast majority of buildings transferred from the Department of Defense, the authority has moved on to development of remaining raw land.



and require approval by the Commission. To date, the market tendency for Ocean County growth and circulation has

been northward, not westward. Within Burlington County, the state has widened NJ Route 38 from Vincentown to I-295 to facilitate the Philadelphia market flow. Additional manufacturing and industrial development

potential outside of the JLUS 2-mile study area could include Pemberton Township growth along Route 530 and lands in Southampton Township east of US Route 206.

Section 10 - Economic Considerations

Industrial development, within certain height thresholds, is appropriate in all Accident Potential Zones, and can accommodate high levels of noise.

Potential Development Sites

One site that fits the above criteria is Site A (107 acres), in the Northwestern side of the study area. It is located near the McGuire Air Force Base entrance, in North Hanover Township. Of all potential development sites, it is closest to I-95. It is currently vacant, and within APZ1. It is privately owned.

Site B is a much larger site, nearly 500 acres, in the Northeastern portion of the study area. Formerly the location of a use with relatively high soil pollution, this site is best-suited for industrial purposes. Close to Lakehurst Base, it is appropriate for manufacturing that could benefit from proximity to base needs. Two parcels comprise this site, one of which is in APZ1. It is privately owned.

The large size of both sites present opportunities for development. At 100 and 500 acres, the sites are too large for development of most individual industrial facilities. However, they both provide a sufficiently large area for an industrial park. If local policymakers decide this warrants further exploration, and an in-depth feasibility analyses yields positive conclusions, plans for an industrial park could be developed including a mater plan and phasing schedule; a remediation and infrastructure program; and the creation of an entity to oversee the project and conduct management and marketing activities.

Strategies to Encourage Growth

Local public sector should help position businesses to compete for Joint Base-related contracting. The Federal government is under no obligation, and there is no mechanism for it, to set aside a portion of its contracting work – construction-related or otherwise – for local businesses.

However, there is a growing recognition among local policymakers and Joint Base officials that there are opportunities for business and mission collaboration. NAES Lakehurst plans to let approximately \$800M in research and development, and manufacturing contracts over the next year. If historical patterns hold true, at least \$50M of this amount will be captured within New Jersey. For instance, NAES Lakehurst staff has noted that a significant portion of their upcoming purchasing will be for precision-manufactured, high-tolerance machinery.

Burlington County has a substantial manufacturing presence, with a noteworthy electronics manufacturing cluster, and there may be opportunities for just-in-time manufacturing to service Joint Base needs.

A collaborative process has already begun. On October 16, 2008, the Ocean County Board of Chosen Freeholders held an economic workshop to inform local businesses about Joint Base contracting opportunities, as well as requirements and procedures related to federal procurement. While only 50 people were projected to attend, more than 300 took advantage of the opportunity.

Our analysis makes clear that Joint Base will continue to be a (if not the) major economic driver in the near term. Local economic developers will be well-served by holding additional workshops, and more are in the planning stages. Such workshops and other meetings should include discussions of where local businesses could be at an advantage based on their proximity to the base. Additional forums should also serve to discuss opportunities for focusing local educational curricula and expansion on serving workforce needs (discussed below).

Education

Development Requirements and Sector Context

The educational sector supports growth in other vital sectors. While some major universities have significant economic impacts on the surrounding towns and cities, *educational uses* are generally not viewed as economic engines or dynamic real estate developments, but rather as an essential factor in creating a highly trained workforce that can garner healthy wages. Educational planning efforts should seek alignment with base mission-related contracting needs, as well as back office and light manufacturing for the greater Philadelphia and New York City areas. To this end, new educational opportunities should have a specialized vocational focuses and be located near Joint base, existing light industrial clusters, and/or near major corridors to population centers. Educational development could come in many forms, whether

a new campus, or an adaptive reuse within an identified redevelopment area. A new facility could be a small vocational program or a new campus of a community college.

Potential Development Sites

Site C, composed of two parcels totaling 42 acres, in the northeastern portion of the study area, is a potential future site for an expansion of a major educational institution. Close to the Lakehurst entrance, as well as to Site B (see above), the area presents an opportunity for vocational and mission-related instruction. It is near Hope Chapel Road. Ocean County

has expressed a desire for educational expansion, perhaps as a satellite of Ocean

Case Study: Guilford Technical Community College (GTCC), Greensboro NC

- Hosts regular “industry symposia” to encourage collaboration in local industry clusters: automotive, aviation, logistics, and health care.
- Offers “Quick Jobs” programs, many less than 90 days, in partnership with local employers. Programs are tailored to specific jobs with essentially guaranteed employment .
- Local employers and public entities pay for customized training programs to ‘upgrade’ their employees’ skills.
- “National Career Readiness Certificate” testing and courses provide job seekers without a High School equivalent degree with credentials for basic workplace skills.
- Ensures all credits from GTCC classes are transferrable to 4-year State schools.



County College. These two parcels are indicative of where such expansion might occur. It is outside of APZ and noise zones. Site C is privately owned.

Strategies to Encourage Growth

Educational institutions can provide a pipeline of local talent for base and health care jobs, as well as related contracting opportunities and start-ups. Local policymakers should convene working groups to unite (1) high level base staff and (2) key businesspeople involved in the health care and manufacturing sectors with leaders of local educational institutions such as Burlington County Institute of Technology and Ocean County Vocational Technical School. The purpose of these working groups would be to:

- Ensure that vocational curriculum aligns with base mission/health care needs.
- Encourage a pipeline of graduates to jobs and contracting opportunities.
- Create a venue for graduates to vet mission-related start-ups with base and hospital staff.
- Establish a mentoring program for businesspeople to coach young entrepreneurs.

Health Care

Development Requirements and Sector Context

Demand for elderly housing and health care sites depends on proximity to major health care institutions and to the potential resident’s current home. The Counties have a significant aging population, as discussed above, which drove demand for assisted living housing development in recent years. Given the current economic climate, it is unclear if unmet demand exists for additional new development in the short term, although the industry will likely revive as the population continues to age. As is true of all but a few climate-favorable areas of the country, the current population in assisted living centers in the Counties is drawn from local residents and long time vacationers to the area.

An economic strategy for the senior health care industry must take into account both the potential benefits and risks of an industry cluster. Health care institutions with significant reimbursements from Medicaid/Medicare, including Veterans’ Health Administration (VHA), are important social institutions but do not catalyze significant additional economic activity, and moreover can become a burden on local hospitals and health care institutions. These institutions are only viable if they are part of a healthy mix of health care services including private-pay elderly care.

Section 10 - Economic Considerations

The newest model of private-pay health care provides several levels of service on a unified campus, from independent living with minor housekeeping and cooking assistance to group homes with full-time medical care and assistance. Such campuses typically require 15-30 acres. The integrated health care model has the potential to generate additional economic activity as well as to create skilled high paying jobs. While additional senior living campuses may not be feasible in the short term, they should be encouraged in the long term.

Integrated private-pay health care institutions often cost more than \$60,000 a year, making them less than ideal for seniors on fixed incomes who currently own their homes and are in relatively good health. For this population segment, in-home health aides can provide a similar or higher level of service for a fraction of the cost. Health aides are skilled, well paying jobs which should be supported in the area. Moreover this sub-industry is decentralized and does not require significant investment in physical structures aside from training and supply shipping/warehousing needs. Therefore investment in vocational training programs could have a

significant impact on industry growth in the short term.

Case Study: Ocean County Vocational-Technical School, Practical Nurse Program

OCVTS students can obtain training for nursing positions through two programs: the Licensed Professional Nursing Program, and the Medical Assistance Program. Approximately 120 students are currently enrolled in the two programs, which have a total budget of just over \$650,000 for the current fiscal year. The Medical Assistance Program provides students with reimbursed tuition from nursing homes that hire them after program completion. OCVTS staff reports that demand for graduates is increasing.



Potential Development Sites

In close proximity to the Deborah Heart and Lung Center and the Pemberton Township Town Center Redevelopment Area, Site D (over 20 acres), in the southwest portion of the study area, presents an opportunity for major health-related growth when demand returns. The Deborah Heart and Lung Center has significant land available for future expansion – over 20 acres of land with minimal existing development. If the Center proceeds with institutional expansion, Site D would be well-positioned to provide related services. Site D is privately owned.

Strategies to Encourage Growth

Public sector can partner with local partners (colleges, hospitals). For health care and educational uses, there are a number of existing partners that would likely drive development, including the Deborah Heart and Lung Center. Currently, Deborah is in the process of opening a new Emergency Room to treat regional needs.

Senior needs will drive services. Seniors will require specific services – especially in the health care sector – and may drive certain retail product mixes. Policymakers should focus growth on higher-paying health subsectors by establishing linkages and relationships with Philadelphia-area hospitals and the Deborah Heart and Lung Center. Unmet demand can be further pinpointed by:

- Quantifying seniors' spending power
- Inventorying regional attributes attractive to seniors
- Identifying seniors' desired lifestyle amenities and target submarkets
- Understanding the role of veterans in the elderly population

However, broker feedback indicated that growth in this area is unlikely to occur in the near future. Workforce development for jobs that will service the area's aging population – through the educational forums discussed above – are likely to be more worthwhile than attempts to develop specific parcels. Future initiatives should also build on existing efforts, such as the case study discussed below.

Retail

Development Requirements and Sector Context

Retail demand depends overwhelmingly on proximity to residential uses. Industry experts suggest that a minimum of 3,000 housing units is needed to create a critical mass to support neighborhood retail. Retail is also successful along major traffic corridors and in town centers. Retail is not ideal for areas where residential development hindered due to poor transportation access or environmental constraints such as Pinelands restrictions.

Case Study: La Crosse, WI

Investment (1993-2007)

- Created downtown TIF.
- 65 blocks of streetscaping and wayfinding.
- 100 façade and building restorations through loan pool.
- 96 buildings designated historic.
- Riverside Park Riverwalk and Levee reconstruction

Benefit

- \$125M in public and private investment
- 170 new residential units
- Property values increased \$26M within TIF district and \$40M throughout downtown



Because retail uses require smaller floor plates than the uses discussed above, can more easily reuse existing structures, and is more successful near existing economic activity, retail is almost by definition ideal for infill development.

Potential Development Sites

Near new development in the southeastern portion of the Study Area in Ocean County, Site E (over 20 acres) on Route 37 would be appropriate for a small retail center catering to recent retirees. There has been substantial residential development nearby, including retiree

housing.

A notable soft (underutilized) site is a mostly vacant shopping center in North Hanover Township. Approximately 10 acres in size and privately-owned, Site F includes several empty storefronts (including the former anchor tenant). The complex was constructed over 45 years ago, and the parking lot shows deterioration. Site F is also in close proximity to the Wrightstown Borough Redevelopment Area. A developer was recently designated for a significant portion of the Redevelopment Area; while the program is still in flux, this major new development is slated to include a medical center, hotel, and chain retail. Both Sites E and F are privately owned.

Strategies to Encourage Development

Brokers and planners can identify submarkets and locations with demand for accommodation, food and retail growth that can help bring retail in line with industry growth and demographic changes. There may be additional types of retail that the public sector might explore subsidizing to provide services to base workers and contractors or the local senior population.

Localities can make targeted investments to catalyze redevelopment. In the case studies below, local governments used Tax Increment Financing (TIF), façade

Case Study: Franklin, VA

Investment (1985-1997)

- Streetscaping
- 4% loans for interior and exterior improvements
- Downtown marketing and business recruitment
- Programming and events

Benefit

- 200 building renovations
- 101 new businesses
- Vacancy rate decreased from 47% to 3%



Section 10 - Economic Considerations

renovation program, and other investments to kick-start retail redevelopment. Study Area localities might consider similar strategies based on detailed study of individual markets and business needs. For example, a Revenue Allocation District could support project-related infrastructure improvements by using incremental revenues.

Summary and Potential Next Steps

Joint Base offers a great deal of opportunity for local businesses. A partnership among local businesses, government officials, key educational institutions, and Joint Base officials will allow local businesses to compete for contracts, and local colleges to supply new talent in line with mission needs. Efforts to bring these parties together to discuss mutually beneficial opportunities are underway, and should be expanded.

Demographic trends will drive health care and retail needs. While both sectors have recently cooled, an aging population will be a major determinant of which health care jobs are in demand, and which retail mixes succeed. Local governments will be well-served by understanding the needs of the retiree population as they decide which kinds of retail to encourage. Additionally, local colleges should partner with the Deborah Heart and Lung Center and other area hospitals to understand the level of demand for various health care positions, and consider aligning their curricula accordingly.

Even in the current constrained environment, local governments have compelling tools that they can use to move deals. Public involvement in the private development process can take a variety of forms ranging from low-level of public control and low level of public risk to high-control/high-risk. These include:

- Market priority sites and areas.
- Invest in the public realm, such as streetscapes and open spaces.
- Alter zoning, relax development regulations and fees, or create zoning bonuses.
- Provide development incentives including tax breaks, revenue allocation districts, grants and low-interest loans.
- Facilitate or create and manage incubator spaces for high-priority industries.
- Assist in readying sites for development including environmental cleanup and investment in roads and infrastructure.

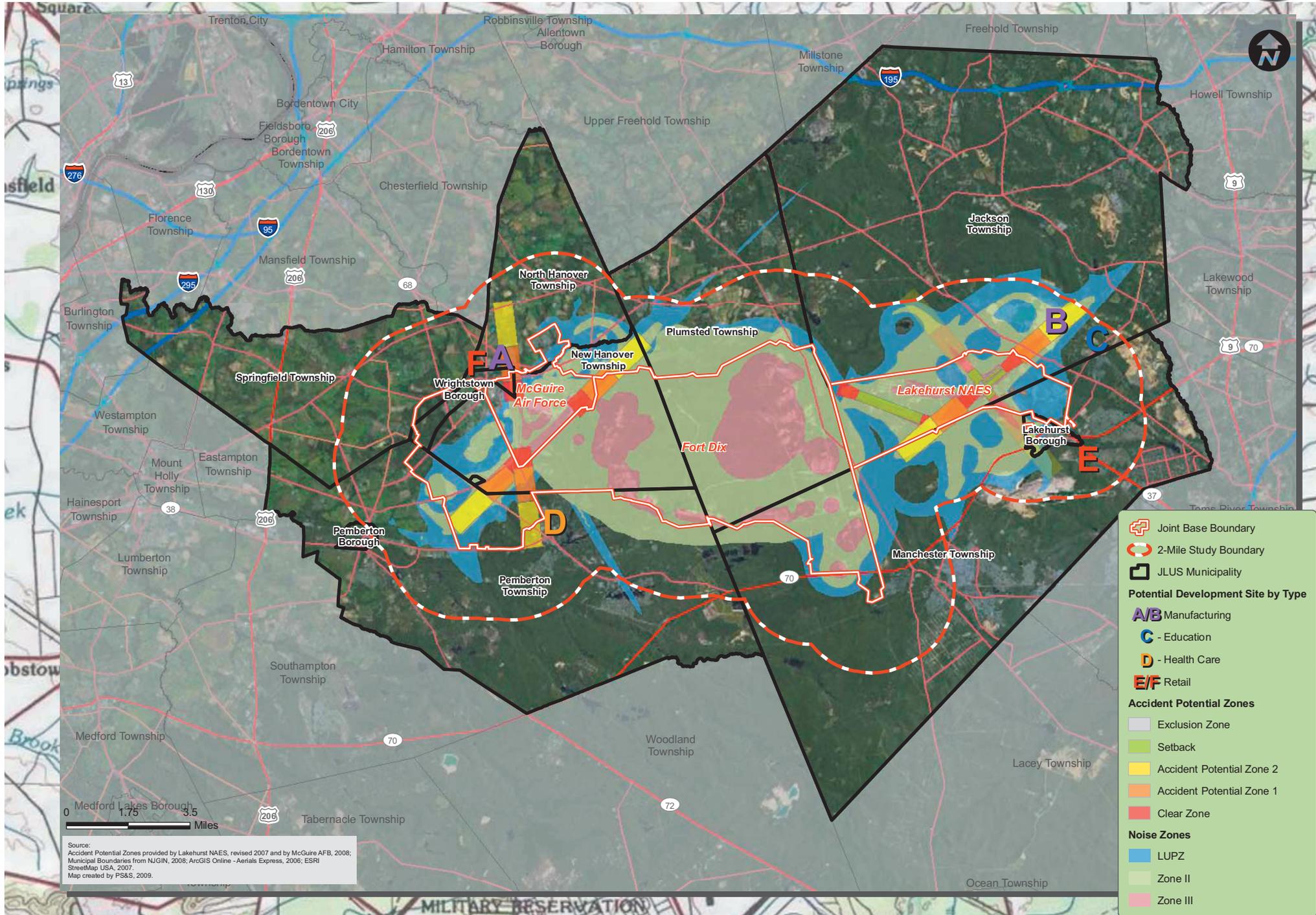
- Pursue public-private partnerships such as redevelopment agencies authorized to purchase properties and enter into development agreements.
- Publicly acquire sites via purchase, condemnation, or eminent domain, followed by an RFP or public-private partnership for development.

All the sites identified in this segment of the JLUS are privately owned. Many of the above strategies could be used to guide the development of these or other parcels.

Future study could refine these findings and tee up site-specific strategies. A JLUS is a land-use study at its heart, and is not primarily concerned with economic development strategy. A comprehensive economic development strategy could provide for more finely-tuned policy prescriptions based on more involved analysis. Such a study could involve:

- Economic overviews of the current and past composition of the local economy, including additional economic analysis of Joint Base; detailed retail market analysis including employment indicators, consumer demographics and lifestyle profiles; market share analysis; and assessment of manufacturing subsector strength and weaknesses.
- Evaluation of comparative local advantages and disadvantages including natural resources and assets; real estate, construction and labor markets; infrastructure and utility capacity; housing affordability; and/or government incentives and tools.
- Likely impact of future infrastructure projects, such as possible NJ Transit MOM line extension.
- Market demand analysis of targeted growth and redevelopment centers (towns, villages and nodes) for growth industries.

Figure 10.1 - Potential Development Sites by Economic Growth Sectors



This page intentionally left blank.