

Leadership Hunterdon

Class of 2016



5 Industry Sectors Poised For Growth In Hunterdon County



LEADERSHIP HUNTERDON CLASS OF 2016

WHITE PAPER

HUNTERDON COUNTY – A REASON TO COME, A REASON TO STAY

5 INDUSTRY SECTORS POISED FOR GROWTH IN HUNTERDON COUNTY

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INTRODUCTION

Time changes everything, we know this to be true. Towns, municipalities, counties and even the State are continually faced with factors changing the environment in which we live. Hunterdon County has recognized that time changes everything and has made it a priority to address changes which may negatively impact this historic and beautiful county.

As part of the Leadership Hunterdon 2016 experience, we were tasked as a group to “research an issue related to a critical issue in Hunterdon County from multiple perspectives and write a report on your findings that can impact the future economic prosperity of Hunterdon County” (White Paper Criteria). Our group was charged to work as a consulting firm to “Identify, examine, develop, and recommend strategies for the following goal for planned economic development: *Analyze existing business sectors poised for growth in Hunterdon County and develop strategies to retain and increase growth within these sectors*” (White Paper Criteria). As we set about addressing some of these challenges, the Leadership Class of 2016 has focused on identifying the five business sectors most poised for growth in Hunterdon County. Through research, discussion and case studies, the class has identified the five business sectors and further refined suggestions to attract, grow, and retain these business sectors for sustaining Hunterdon County’s future. The Business sectors we identified include:

- Agri-Tourism
- Entertainment & Recreation
- Healthcare
- Education
- Workforce Housing

All of these business sectors have been measured against criteria established by the Leadership Class. As a group, it was decided that in order to determine what five business sectors were poised for the greatest growth, they would each need to satisfy the five criteria below to measure growth. If a sector did not meet these five criteria, it was eliminated.

- Will growth in the particular business sector encourage people to play, live, stay and work here in Hunterdon County?
- Is there sufficient market size to justify growth in that sector (are there enough individuals in this market who are potential buyers and/or sellers of the product or service offered by that business sector)?
- Does the average rental and purchase cost of real estate (land, warehousing, office space) needed by these business sectors advance growth? Is such real estate available?
- Is there sufficient infrastructure available to support growth of that business sector (transportation, broadband, water, sewer, and electricity)?
- Does growth of that particular business sector offer complementary growth to other business sectors? Is there a synergistic and complementary affect to other business sectors by growth in another business sector?

Each business sector meets these criteria in different ways, some being strong and clear in one of the criteria, but weak in another. Overall, each met every criteria point in order to be chosen as one of our business sectors. Some outcomes are favorable and seem easily achievable, some will take vision to execute and others, while logical, may not be feasible for a variety of reasons. No matter what the outcome is for the recommendations from the class, the main objective is to create thriving communities within Hunterdon County and give people a reason to come, and a reason to stay.

AGRI-TOURISM IN HUNTERDON COUNTY

Hunterdon County is quite unique in its location in the Garden State; perfectly situated between two major metro areas, close to the shore and a short drive to the Pocono Mountains. Hunterdon County offers a beautiful landscape of rolling hills, farm fields, wooded mountains and riverbanks complementing one another to create a wonderful place to live, play and stay. Hunterdon County is about 437 square miles with approximately 120,043 acres of farmland assessed according to the 2005 NJ Farmland Assessments.

The Cost of Doing Business

Fact from the NJ Farm Bureau: Most of New Jersey's farm income is earned through the sale of commodities at wholesale prices, not the retail prices seen at the grocery stores. And commodity prices for many crops have increased little since the 1964 inception of the farmland assessment program. Data from the National Agricultural Statistics Service shows that agricultural commodity prices have increased only 18% over the last 25 years. Note that during the same time farm input costs have increased by 150%.¹

Agri-tourism industry development is consistent with New Jersey's past and current policies to support the farming industry. Since the 1960s, New Jersey residents have expressed appreciation for the benefits of agriculture by supporting efforts to preserve remaining agricultural lands for future productive use and enjoyment. Today, over 150,000 acres of farmland, more than 18 percent of the state's remaining farmland base – have been preserved in perpetuity. However, to protect public investments in farmland preservation one may argue that they must be accompanied by the realization

that the *business* of farming needs to remain profitable, with reasonable returns on investment. While farmers have little control over many agricultural markets because they are shaped by broader economic forces, they realize that they can exert greater control in local consumer markets and provide products and services which will improve farm income and viability.²

In order for farmers to keep up with the rising cost of doing business, they create a value-added product for consumers where they can control the price of their goods. For example, a farmer opens a farm stand and can sell their fruits and vegetables by the pound, pint, basket, or bushel. They can further create value-added products like jelly, jams, preserves, pies and or other products to sustain and control their commodity pricing.

Other farming families diversify by creating agri-entertainment including musical entertainment at wineries, corn mazes, wedding venues, and haunted hayrides to name a few. When a farm branches out into value-added products and agri-entertainment, it creates needed jobs; the farm also pays sales tax on value-added products or taxes specific to their product; thus growing Agri-Tourism as a business sector.

Farm businesses are incorporating a wide range of innovative activities including on-farm direct marketing, entertainment, farm accommodations, outdoor recreation, and educational programming (see Table 1).³

Table 1: Examples of Common Agri-Tourism Activities.

<p>On farm direct-to-consumer sales of agricultural products (e.g., pick-your own product, U-cut Christmas Trees, on-farm markets). Educational tourism (e.g., school tours, winery tours, farm work experiences). Entertainment (e.g., hay rides, corn mazes petting zoos, haunted barns). Accommodations (e.g., birthday parties, picnicking, bed & breakfasts). Outdoor Recreation (e.g., horseback riding, hunting, fishing, hiking, bird watching)</p>
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The Agri-Tourism industry has been identified by the Leadership Class of 2016 as a business sector poised for growth in Hunterdon County. The ultimate goal of growing this business sector means more exposure for in-county residents, attracting visitors from the metropolitan areas and beyond, and creating an identifiable brand for Hunterdon County.

The majority of farmers – nearly 8 out of 10 – believed that there would be ‘significant’ or ‘moderate’ growth in Agri-Tourism within their respective counties. (Table 12).³

Table 12: Farmers’ Perceptions of Local Growth Opportunities for Agri-Tourism

	Region			
	All Counties (n=47)	North (n=13) (Bergen, Essex, Hunterdon, Morris, Passaic, Somerset, Sussex, Union, Warren)	Central (n=20) (Burlington, Mercer, Middlesex, Monmouth, Ocean)	South (n=14) (Atlantic, Camden, Cape May, Cumberland, Gloucester, Salem)
Significant Growth	34%	46%	15%	50%
Moderate Growth	45%	31%	55%	43%
Little Growth	15%	15%	20%	7%
No Growth	6%	8%	10%	0%
(Columns may not add to 100% due to rounding.)				

Hunterdon County has an array of agriculture opportunities for county residents and visitors to take advantage of and experience. These include wineries, farm markets, pick your own farms, CSA farm/organizations, corn maze and pumpkin picking, farm camp and education programs and the annual Hunterdon County 4-H & Agricultural Fair. But how do the residents of Hunterdon County learn of all the agricultural experiences available to their families?

The SWOT Analysis contained in the Hunterdon County Comprehensive Economic Development Strategy (CEDS) identified marketing as an opportunity for farm stands, farm-to-table dining, organic farming and exotic animals. Hunterdon County currently

lacks branding and marketing while metropolitan areas, the Jersey Shore and sister counties have strong marketing and tourism programs. The Pocono Mountain Visitor's Bureau (www.poconomountains.com) and Bucks County Tourism (www.visitbuckscounty.com) do a tremendous job in promoting all of their regions' offerings, attractions and events.

In response to the CEDS opportunity to create a Hunterdon County brand and market tourism, the Public Private Sector Marketing Committee was formed. The committee is chaired by Mike Beneduce of Beneduce Vineyards in Pittstown. The committee is still in its 'infant' stages but they are working to develop a marketing strategy for Hunterdon County tourism. The committee is currently working on branding Hunterdon County, a new logo and a tag line for tourism. Mike indicated that once these are in place, everything else becomes simple. ⁴

The target market for Hunterdon County tourism is young, well-educated people from the metropolitan areas. How does Hunterdon County focus on getting these individuals to visit, play, stay and ultimately move to Hunterdon County? The growth of Hunterdon County is contingent on attracting more people to visit and the Hunterdon County Chamber is currently working on an updated Tourism website and Visitor's Guide.

Table 14: Perceived Effectiveness of Marketing and Promotional Strategies

	Very Effective	Somewhat Effective	Not Effective	Not Used	Don't Know/Did Not Answer
Word of Mouth	94%	6%	0%	0%	0%
Road Signage	60%	25%	2%	10%	2%
Internet/Website	52%	21%	2%	21%	4%
Jersey Fresh Program	42%	42%	4%	13%	0%
Print Media	33%	44%	17%	6%	0%

Amy Serridge of Woodsedge Wool Farm in Stockton, NJ shared that what she really needs is a way to network with fellow farmers. They need a way to network on issues that are relative to them; for example, farming best practices, hiring staff, farm retail operations, inviting the public onto the farm, sharing vendor contact information, etc. Network events through the Chamber of Commerce (both Hunterdon and Lambertville) just don't fit their needs.⁷

Nearly three-quarters of the farmers interviewed cited other farmers as being the most useful resource for developing Agri-Tourism activities on their own farms. Many operators traveled to farms in neighboring states to generate idea that might be applicable to their own operations or consulted with other farmers to identify best practices for specific activities. ¹

Several Hunterdon County farms are doing a fantastic job at meeting the ever-changing demands of technology and reaching the target audience. To meet the needs of marketing Agri-Tourism, smaller farms may not have the budget dollars or knowledge to promote their farm Agri-Tourism offerings. Exploring the idea of creating an Agri-Marketing Alliance could help promote Hunterdon County agriculture.

Conceivably, this could be an organization or committee of individuals and professional people giving their time to assist the agriculture community with marketing services including website creation, social media marketing, e-mail newsletters and public relations. The mission of such an alliance could tie back into the Hunterdon County brand that Mike Beneduce is creating with the Public Private Sector Marketing Committee. Of course, this concept can be explored further to see if it is viable, but it would allow a greater reach for farms that lack marketing knowledge or resources.

Examples of Other Agriculture Endeavors⁸

- The Greater Easton Development Partnership is a non-profit economic development organization that works in partnership with the City of Easton. GEDP oversees the Easton Farmers' Market, The Easton Public Market, Easton Main Street Initiative and the Easton Ambassador program. www.eastonpartnership.org.
- Easton Public Market opening April 15, 2016. The Greater Easton Development Partnership saw an opportunity to take a building that had gone unused for 10 years and redevelop it into a facility that furthers the trend in access to local food, entrepreneurship, support of local growers, and a connection to the community.

Creating Agriculture Awareness in Hunterdon County

As mentioned before, part of the goal to grow Agri-Tourism as a business sector is to bring more people into the county to experience the rich agricultural offerings available to them. Yet, there is another component which needs to be addressed. Hunterdon County residents not knowing what's in the county for them to explore, learn, taste and touch. Some of the farmers do encourage people to come visit their farms to learn firsthand what goes into the farming operation allowing residents to become more aware of the resources and time it takes to produce the food we eat or products we use.

There's a side effect to creating more agriculture awareness within Hunterdon County; soft marketing by our residents sharing with friends and family outside of the county their agricultural experiences and explorations. Personal recommendations are some of the strongest forms of marketing available to any business. Agri-Tourism, if done right, stands to benefit from residents self-promoting Hunterdon County.

Two ideas to assist with self-promoting Hunterdon County by its residents could include creating a Hunterdon County Farm Tour (or Open House) as previously suggested; or even, develop an in-county campaign promoting farms and their specialty. An in-county

campaign could look like a billboard, vinyl banners in key locations, social media or traditional media outlets (print or digital). For example, Jane Eckert of Eckert AgriMarketing suggests a ‘Thank Your Customer’ campaign. The premise is to feature local farms/farmers thanking their customers for supporting their efforts in providing food for the community and continuing their family tradition of farming in Hunterdon County. ¹⁰

Understanding Your Farmer!

Not many people realize the amount of preparation, time, energy, and natural resources which go into the food we eat or products we use. By providing residents of Hunterdon County with a general awareness of farm practices and how the value-added goods evolve from start to finish is also key to sustaining growth in Agri-Tourism. While visiting with the WoodsEdge Wool Farm in Stockton, the public’s farm awareness aptitude has become an opportunity for Brent Serridge to talk with consumers and teach them about the amount of time and processes behind the products they buy. By explaining this process to his customers, Brent is able to justify commodity pricing of his goods.

Unless someone grows up on a farm, they generally do not understand the hours and time commitment involved. It’s also hard to comprehend the evolution of the value-added product if consumers don’t understand that Alpaca fiber is only sheered/harvested once a year. Or, did you know a Llama’s gestation period is 350 days; thus, the sale of Llama livestock for producing quality fiber is not as frequent. The opportunity to talk with your consumers and create awareness is a big factor for farmers to sell their value-added products. Creating these relationships turns into the strongest type of marketing available...word of mouth marketing.

Food For Thought; Start Them Young!

People are now more curious about how their food is grown, raised and produced. People want to talk with the farms and processors about what goes into food production. This introduction usually takes place on a farm. People visit farms to see first-hand how the food process works from milking the dairy cow, to growing an ear of corn in a field, or picking an apple from an apple tree.

It's time to get a 'back to basics' approach in creating educational awareness about food production starting with children. Where does the milk they drink come from, how does corn on the cob get to the dinner plate or how is cider made from the apples. Families are more observant and aware of their choices, including natural and organic choices.

Kurt Alstede- Alstede Farm, Chester, NJ.- "The Snyder Farm provided us for the first time as a North Jersey producer, the resources to insure that we are producing the safest, healthiest, and most nutritious fruits and vegetables for the people of New Jersey".

Living a Healthy Lifestyle

Knowing where the food comes from goes hand in hand with the current trend of people wanting to live healthier lifestyles not only for themselves, but for their children. However, the current obstacle pertaining to this trend is the lack of Hunterdon County families visiting the farms to really learn about where their food comes from. The long term investment in our children for Hunterdon County needs to be brought 'back to basics.' We need to get more involved in the local farms and create educational awareness activities for residents to help them make the healthy lifestyle choices they desire.

Ideally the 'back to basics' concept should begin at the school level through field trips to the local farms. Fulper Farms in Lambertville, for example, understands the need for reaching young people and has started a Summer Day Camp with hands-on farm activities. Campers learn how milk is processed, participate in daily farm chores, and care for a calf. Kids also get to milk the cows and truly engage in the fun-on-the farm experience! Additional activities include hayrides, watch a cow give birth, farm scavenger hunts, dairy Jeopardy, making ice cream, creating home-made milk paint for crafts and meeting the Dairy Princess. Fulper Farms even offers camp tuition scholarships to give every child the opportunity to learn about farming.

When asked about the idea of the Summer Camp, the discussion uncovered that farming is changing and we need to think out of the box to continue to build consistent revenue. ***Rob Fulper II-"I believe on-farm education is crucial for the future of Agriculture in New Jersey since most people today are removed from their Agricultural ancestry and have never milked a cow."***

The partnerships with the schools is not there currently to help carry on these long term life changing experiences. Field trips to the farms are the most ideal option for sharing agriculture with school children; however, the teachers need to be inspired first. Educational awareness about Hunterdon County agriculture should begin with farm tours for the teachers. Let's explore the option of creating a Teachers Farm Tour. This will build excitement among teaching professionals to include agriculture in lesson plans culminating with a field trip to a Hunterdon County farm with their students to reinforce classroom learning.

Future Farmers of America (FFA)

South Hunterdon High School is currently one of the only Hunterdon County school districts with an active FFA Chapter. FFA operates on a local, state and national level. Student members belong to chapters organized at the local school level. Agriculture educators serve as the Chapter advisors.

Greg Babbitt, Phillipsburg High School FFA Advisor advocates for agricultural sciences and his students' hands-on work in horticulture and floral design, fish hatchery, landscaping, beekeeping and raising livestock. The school has an active greenhouse which produces seasonal plants for sale. The funds raised go to the school FFA Chapter to help send students to competitions and FFA conventions. Phillipsburg High School FFA also hosts the annual Barn Yard Days in the Spring. The school transforms a portion of the school grounds into an actual barn yard complete with cows, horses, pigs, goats, and chickens. Local preschools and elementary school students learn from the local farmers about life on a farm. It's a beloved event each and every year.⁹

The FFA and agriculture education curriculums have expanded in response to the opportunities available in the industry of agriculture. High school students may not be aware of the job opportunities available in the agriculture industry and how much farming has grown with the use of science and technology. Mr. Babitt, FFA Advisor at Phillipsburg High School indicated that only 5% of his students are from farming families; and, the classes are offered as elective courses. Furthermore, students enrolled in these courses are generally at the college prep or basic level. Very few advanced placement students select agricultural science classes.

There is so much more to agriculture than the traditional 'hands-in-dirt' farming, but rather new and improved farming utilizing science, technology and new application methods. The FFA organization helps members prepare for careers in agribusiness, horticulture, production, natural resources, forestry and many other diverse fields. Additionally, the FFA provides collegiate scholarships; more than \$36 million have been awarded to students pursuing higher education in the agricultural field. In 2014, 126 sponsors provided more than 1,700 individual scholarships worth more than \$2.2 million through the National FFA Organization. So it is really beneficial to promote agricultural science to students.

Source: FFA Statistics Web Site

Let's bring the ancestry back to Hunterdon County. When we look at Tourism overall combined with Agriculture, the Beauty of Hunterdon is front and center.

CEDS, page.62

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ENTERTAINMENT & RECREATION IN HUNTERDON COUNTY

One of the important factors in the growth of Hunterdon County is in the area of entertainment and recreation. What can we do to have more people visit our beautiful county, not only from other parts of New Jersey, but also from other states? Providing additional entertainment options will have a positive impact on other industries such as lodging, restaurants, and retail.

Hunterdon County has 47,169 households (as of the 2010 census); 62.8% of these are married couples; 33.4% of the households have children under the age of 18. Having activities- recreation- available during non-work times, is an important component to all residents' quality of life. As for sufficient market size, out of Hunterdon's 47,000+ households, 96.2% of them are married couples, or married couples with children. Having recreational options available to Hunterdon County residents is critical when looking at quality of life, and for those deciding where to live. It is no less important to singles, or more mature adults living in Hunterdon. People want to have meaningful, enjoyable ways to spend their free time, no matter what age, or the make-up of their family or living situation.

Hunterdon County Comprehensive Economic Development Strategy December 2014

The CEDS report addresses entertainment in several areas. It's essential to note that looking for new entertainment options is extremely important, but marketing our existing options is equally important. Here are some important items from the report regarding entertainment:

- The promotion of recreational and tourism opportunities is needed. Our county lacks branding and marketing.
- We do have tourism draws such as river communities, wineries, historic villages, specialty agriculture, and exotic livestock. We also have recreational resources including state, county, and municipal parks, trails, and waterways.
- Regional marketing organizations such as Poconos Mountains Visitors Bureau and the Bucks County Conference and Visitors Bureau have been successful in getting the word out concerning their recreational assets.
- Brand Hunterdon County as an historic, arts, tourism, recreation, and farming county that can identify, build, and capitalize on facilities for events promoting Hunterdon County's history and unique assets, and draw visitors to the county.

All of the points mentioned above are good options, and would satisfy a variety of people's interests. We also have the Hunterdon County Division of Parks and Recreation to consider when giving thought to marketing what we already have within Hunterdon County. Presently, the Hunterdon County Parks System comprises 8,280 acres of land, in 26 areas. These park areas can be described as essentially "passive park areas". Some of which serve to buffer waterways, forming "Greenway Corridors", some contain parking areas, picnic and camping areas, and nature study opportunities. Several are more developed and contain formal group activity areas and ball fields. There are 15 marked and maintained trails within 12 townships of Hunterdon County. The majority of County park properties are located in Raritan, Readington, Clinton & Lebanon townships. Hunting is allowed on over 5,100 acres of the 8,280 acre Hunterdon County Park System. In terms of "active" recreation, the County has one golf facility (Heron Glen in Raritan Township). In addition, Deer Path Park has a softball field, 2 soccer fields, and weekly free concerts are held throughout the summer. It is one of only two County designated "general use" park areas. The County also developed the County Fairgrounds facility, which became the home of the Hunterdon County 4-H Fair, and serves as the larger general use park, known as South

County Park. The long standing policy is that the purchase of additional open spaces is by far the highest and best use of public funding in Hunterdon County, when compared to developing active parks and facilities. Public utilization of County properties has largely been limited to low-impact activities, which reduces the need for park maintenance, thus allowing the County to focus available funding toward open space acquisition (Hunterdon County Division of Parks & Recreation, 2016). The current trend is that municipalities have taken the lead in developing high impact (use) areas, such as ball fields, court surface facilities (tennis/ basketball) and active use parks. Current active use parks see the following sports utilizing the field space: baseball, softball, soccer, field hockey, lacrosse, tennis & basketball. Stated in the CEDS Report, one of the goals is to maintain a high quality of life, with an objective on increasing the number of local and regional visitors to county parks, and open space amenities, as well as to develop “the collective impact of hospitality/ retail/ entertainment and recreation industries.”(CEDS, 2015)

Having quality, appealing recreational areas and entertainment options within the county for both county residents and out of area residents to take advantage of, is essential to other business sectors. Businesses benefit from people needing equipment for their recreational activities, and businesses such as restaurants benefit by providing meals to those enjoying recreational activities near their location. This can be seen very specifically around sporting events, when you have teams traveling to a certain area to play a game/ match, and a team & its families needing a meal before or after an event. Businesses that provide lodging can benefit from people who come into the County for recreational activities (kayaking, hiking, etc.) and spend the night or weekend.

When potential home buyers consider where they want to live, they will look to see what recreational options will be available to them during their non-work time. At the root of it all, is that a quality of life is determined by how happy and satisfied you are with your life. While many of us find this happiness and satisfaction during our work hours, just as many of us do not. So we rely on our non-working hours to achieve these feelings. The growth of the recreation sector without a doubt is complimentary to the other sectors we are examining. People who see Hunterdon County as providing an exceptional quality of life, will want to live, work, and spend their time here. This affects real estate, retail, health care and education. When all of these are available in conjunction, people are satisfied that they “Have it all”, and isn’t that what most people really want? To feel like they have it all?

What Young People Are Saying

The Community Leadership Class at Hunterdon Central, which consists of 44 students, was interviewed and asked if after finishing their education, be it high school or college, would they plan return to Hunterdon County to live. With the exception of one student, the entire class said no. The primary reason that they all gave, and all agreed on, was because “there is nothing to do here”. When asked what could be added to their communities that might change their answer, there were a few answers. Most of them said they wanted things like a movie theater, more restaurants and bars, multi-option entertainment complexes that could offer things like rock-climbing, mini-golf, and shopping options. When the group was asked if they would consider moving back to Hunterdon after they had been away for a while and experienced other areas, and maybe come back when they were ready to start a family, more than half of the class said yes, this was a great area

to raise a family. They were asked, “*what is it about Hunterdon that makes it a great place to raise a family?*” The majority of the students expressed that Hunterdon was quiet, had lots of land and space, had good schools, and lots of “family feeling”. They were quick to point out though that unless the things they had mentioned earlier in the discussion- the movie theater, dining options, and additional activities became available in Hunterdon, they were not certain there would be enough to do to bring them back.

Lastly, the class was asked about what they do now in their spare time. There was a variety of answers as one would expect. Quite a few of the students said that they spend time wandering around in Flemington, but that they do not feel welcome by the shop owners. There really is nothing they can afford, even when it comes to food, and they feel like they get “looks from grown-ups in town”. They also said they spend a lot of time in the river towns, specifically Clinton and Lambertville, often walking over to New Hope. They stated that they felt more accepted in these areas, and there were places they could sit and have an ice cream, and “more interesting shops”. Students were asked if they take advantage of the natural recreation opportunities in Hunterdon County, such as Round Valley or Spruce Run, and the majority of them said they had, but it was mostly something they did with their families, or when they were young.

Interviewing teenagers of The Community Leadership Class at Hunterdon Central offers a perfect glimpse into what needs to be considered for the future of the county, if we really do want to retain its residents. These young individuals are already living here, and on the cusp of determining whether they remain in Hunterdon or go. While they certainly mentioned a few other determining factors, among them affordable housing, and the

availability of “career” oriented job opportunities, but again, more than anything else, they were concerned with how they would spend their time.

Diamond Nation

Diamond Nation is an example of an entertainment option that has provided a significant economic boost to our county. The facility hosts baseball and softball tournaments almost every weekend as well as during the week in the summer. In addition, they also host several lacrosse tournaments throughout the year. Eight out of 12 months a year, Diamond Nation is hosting up to 100 teams with their families for weekly tournaments. An average team has 12 players, plus coaches and their families. This results in anywhere from 1,500 to 3,000 individuals coming into the county each weekend. Local residents will tell you that every weekend they spot baseball/softball players and their families throughout the county in restaurants and retail stores. There appears to be significant revenue opportunities that could be harnessed by local services like restaurants and hospitality sectors from Diamond Nation visitors.

Teams traveling from out of state are required to stay at one of the Diamond Nation approved hotels according to tournament rules. In speaking with families who attend the games at Diamond Nation there seems to be a recurring theme we should question: *Why are most families staying outside our county in neighboring Somerset County?* Of the 11 hotels on the list, only two of them are located within Hunterdon County. The nine remaining hotels are located in Somerset County. Hunterdon County has four hotels that would meet the requirements of Diamond Nation. Currently, Diamond Nation is contracted with the Holiday Inn in Clinton and the Courtyard Marriot in Lebanon. They are not

contracted with either the Hampton Inn in Flemington (which is by far the closet hotel to Diamond Nation) or the Hampton Inn in Clinton.

This is one area where Diamond Nation can further help our county. There is a huge opportunity to have more families stay overnight in our local hotels. In meeting with Mike Cust the Assistant General Manager at Diamond Nation, he informed us that they are negotiating with the two Hampton Inn's to add them to the list. The goal might be to find a way to have more teams staying in Hunterdon County. Imagine the increase in revenue to our business community, which in turn equals an increase in jobs. If businesses are making more money and more people are employed, the end result is more money circulating within the county. The domino effect could be beneficial to many businesses.

Areas with Potential for Growth

Soccer Center

Another entertainment opportunity for our county could be to build a "Soccer Diamond Nation". Soccer continues to be a growing sport in New Jersey. Large multi-field soccer facilities have been extremely successful in other areas of the country. Youth sports are a multi-billion dollar industry, and sports facilities host weekend tournaments throughout the year as well as weekdays in the summer. In addition, soccer camps and clinics also run throughout the spring, summer, and fall. The growing sport of lacrosse could also be played when there are no soccer tournaments.

Parents continually spend a great amount of money for these tournaments, camps, and clinics. It could be said that some parents enjoy attending tournaments and practices as much, if not more than, their kids. Parents on these teams sometimes become friends and often times view these tournaments as social gatherings in addition to entertainment

while watching their child/children compete. The money spent on tournament fees, lodging, food, and shopping is significant. The result is increased business for the town where these facilities are located.

Hunterdon County would be a great place for a soccer complex. The beauty of Hunterdon County, along with the high demand for soccer, would make this a very desirable location for such a complex. It would require a large area of land for outdoor fields, indoor facilities, and parking. Multi-day soccer tournaments would require teams to stay and dine within our county, and would generate income for businesses and the county.

Currently, there are several smaller soccer complexes and indoor facilities across New Jersey. There is definitely a demand for a large complex in New Jersey. The two closest large soccer complexes are Eastern New York Soccer Association in Long Island, New York and Lancaster National Soccer Center in Lancaster, Pennsylvania. These facilities have been extremely successful and profitable for those towns and surrounding areas.

In speaking with businesses within the county such as Evren Asral, owner of Total Soccer in Lambertville, there is a climate within the county ripe to grow sports related businesses, and turn a real profit, while utilizing already existing space. (Asral, 2016). John Wappel, owner of Bridgewater Sports Arena, but resident of Flemington, NJ agrees with this. "We have an enormous clientele from Hunterdon County. They are families looking for something to do together, parents searching for sporting opportunities for their kids, aspiring athletes who cannot hone their sport in their own neighborhood, or folks looking for somewhere to hold a great birthday party. We offer all of that to the community, and they travel here to find it, because it doesn't exist close to where they live." Both of these business owners believe businesses like their own could thrive in other parts of the state,

including Hunterdon County. While neither is excited about the prospect of losing business if something similar were to open near them, they recognize some clients are traveling good distances to take advantage of what their business has to offer, and believe there is plenty of room for growth within these recreation-based areas, because it is just simply so popular. They also agree the use of repurposed facilities is a good way to keep costs down, residents happy, and municipalities on board. It is a helpful tool in the “not in my backyard” philosophy that all too often gets in the way of the business entrepreneur in Hunterdon County. The cost of real estate is relevant to the recreation sector, in that when looking at activities, is there space available to start a business affordably? Affordability is a barrier, but there is certainly a multitude of space availability- as over 40% of commercial properties sit vacant in Hunterdon County. (CEDS, 2015)

Conclusion

Recreation and entertainment is poised for growth in Hunterdon County because our county already holds the basic infrastructure and exceptional green space to make it so and because our community is seeking recreational and entertainment outlets to improve their quality of life. Hunterdon County is already known for its extensive park system with two large reservoirs and trail systems throughout the county. Our beautiful river towns and historic villages contribute to the bucolic nature of our county. We recommend the county officials consider investing more resources in promoting these recreational opportunities to attract more visitors and to encourage residents to stay and live here.

Diamond Nation is a business model that has worked in Hunterdon County. Bringing in over 100,000 visitors annually to the county is an economic boom that radiates through many area businesses. That same business model could be applied to other sports

and entertainment opportunities. Our research supports that these sports and entertainment opportunities are desired by our citizens. What is needed now is investment through public-private partnerships and a streamlined approval process to make it happen.

There are over 140,000 residents in the county. All of us desire avenues for recreation and entertainment in our free time. At the present time, teenagers, young couples, and all other age groups are looking for opportunities closer to home, to find something of interest to do. This presents a unique opportunity for Hunterdon County to attract new residents, attract visitors and provide current citizens with the quality of life they desire.

With a vacancy rate of 40% within the county, there is ample real estate space available, especially space that can be repurposed, to expand the recreation industry. An example included Total Soccer in Lambertville, which took abandoned warehouse space, and turned it into a thriving sporting business, enjoyed by thousands of county residents. And, although the cost of land in Hunterdon County is definitely higher than most areas in the country, incentives such as tax abatements could be used to stimulate private investment.

Hunterdon County lacks some of the infrastructure to support growth in the entertainment and recreation sector. Public transportation is currently not available in Hunterdon County and entertainment options discussed would be accessible via automobiles. Existing broadband communication would be sufficient enough for these new entertainment options. Water, sewer, and electricity may need minor upgrades to support

these new facilities. What upgrades are needed, will depend on the size and scope of these new facilities.

And, most importantly, growth in entertainment will absolutely affect other business sectors within Hunterdon County. As discussed, Diamond Nation is the perfect example of the affect entertainment can have on other business sectors. The entertainment options discussed will have a positive impact on lodging, restaurants, retail, and healthcare.

How Can Hunterdon County Government and Its Local Municipalities Help Encourage Growth in Entertainment?

- Expand the county tourism board to promote and market Hunterdon County as a tourist destination and a destination for agri-tourism, recreation, fishing and sporting events.
- Forge public-private partnerships to assist in promoting recreational opportunities.
- Ease permitting and financing for utilities and infrastructure construction to help meet the demands of future entertainment facilities. Create tax incentives to help persuade developers to invest in Hunterdon County.
- Implement transportation projects that will lead to future public transit and lower automobile dependence. This will also help bring additional visitors to our county.

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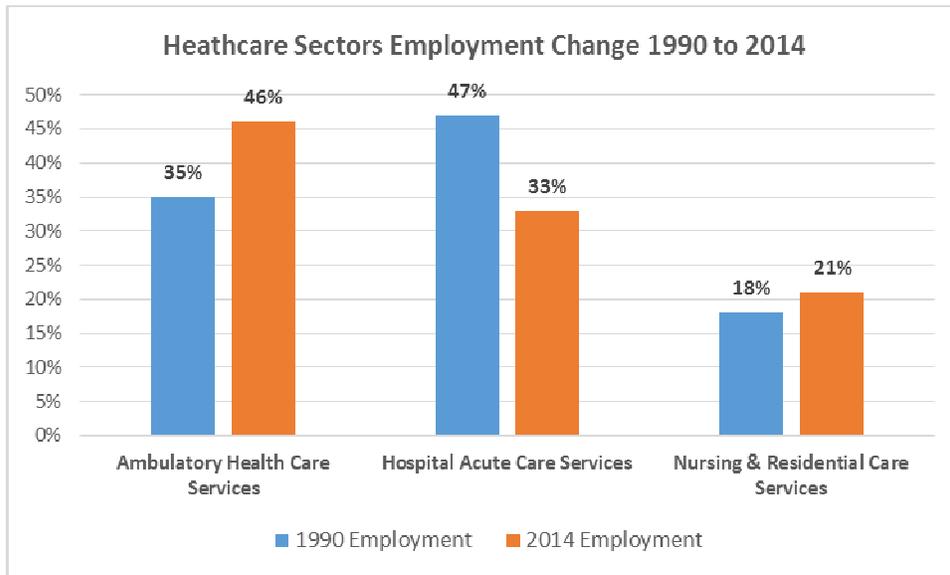
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HEALTHCARE IN HUNTERDON COUNTY

The healthiest county in New Jersey in 2016 is again Hunterdon County. The Robert Wood Johnson Foundation in collaboration with the University of Wisconsin Population Health Institute analyze county Health Factors and Health Outcomes to determine county rankings. These rankings indicate that Hunterdon County is a healthy place to live, learn work and play.¹ A key factor to the county's success in being healthy is how healthcare works with and communicates to county residents.

Healthcare is the top local industry cluster for employment in Hunterdon County and is projected to be one of the largest growing sectors through 2022². Healthcare in New Jersey is made up of 3 business sector; Ambulatory Health Care Services, Hospital-Acute Care Services and Nursing & Residential Care Services.³

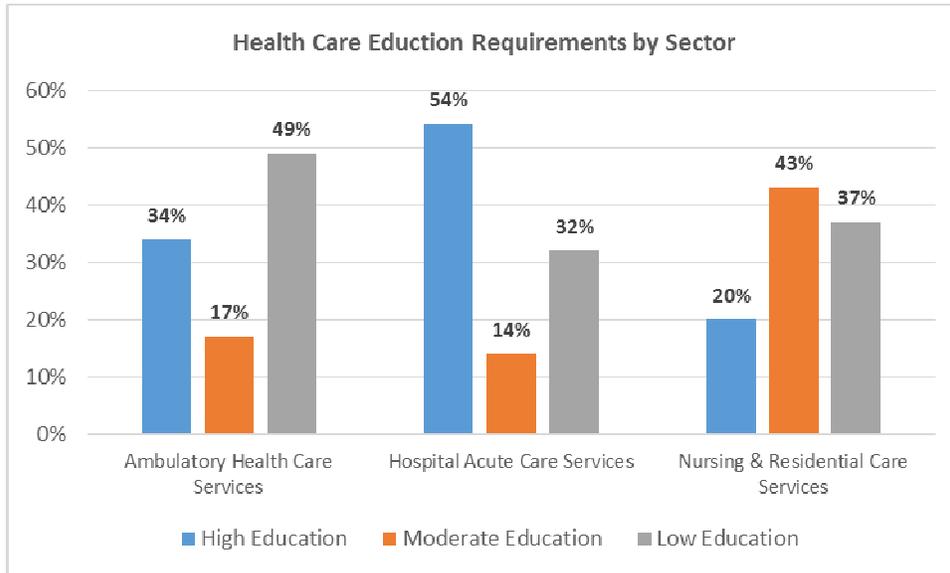


¹ Robert Wood Jonson Foundation Program-2016 County Health Rankings New Jersey

² State of NJ Dept of Labor & Workforce Development-Healthcare Industry Cluster-Winter 2015-2016-Current Employment Statistics, Annual Averages

³ State of NJ Dept of Labor & Workforce Development-Healthcare Industry Cluster-Winter 2015-2016-Current Employment Statistics, Annual Averages

The state’s aging population has contributed to the growth in the Ambulatory and Nursing & Residential Care sectors. Healthcare is a service industry that is made up of a workforce with varied levels of educated professionals.



Currently Hunterdon County enjoys a highly educated and well trained workforce. However, the above graph shows there is more demand for positions that require lower levels of education.⁴ These positions typically are lower paying. In order to sustain this type of workforce there needs to be adequate workforce housing and transportation.

The largest employer in the county is Hunterdon Healthcare System (HHS), employing approximately 2400 people.⁵ Healthcare overall accounts for 13.6% of all jobs in Hunterdon County.⁶ Per the Hunterdon County Community Profile 2015, healthcare and social assistance have a projected growth of approximately 13% over the next 4 years (2015-2020) with approximately 876 jobs that may be added.

⁴ NJLWD, Occupational Employment Statistics Survey May 2014

⁵ Hunterdon County Comprehensive Economic Development Strategy, pg 17

⁶ State of NJ Dept of Labor & Workforce Development-Healthcare Industry Cluster-Winter 2015-2016-Quarterly Census of Employment & Wages 2014 Annual Averages

“Your Full Circle of Care” is a tag line that was put in place by HHS to convey a full range of coordinated and comprehensive healthcare services available to patients. The circle includes: Primary Care, Testing, Geriatrics, Nutrition, Non-Surgery, Surgery, Rehabilitation, Home Health Care, Bone and Joint Health Quality, Health and Wellness Centers. While there is a cyclical pattern to how people might progress through their care options, the circle also conveys that all services work together coordinating the best options in the patient’s care.⁷

Hunterdon Healthcare Partners was created by over 125 Physicians and the HHS, the parent of the Hunterdon Medical Center. This Partnership was created with the goal of providing the residents of Hunterdon County and the surrounding area access to integrated health care. These goals include:

- Simplifying access to Physicians.
- Integrated care delivered through our network of primary care and specialist physicians.
- Most insurance plans accepted limiting your exposure to unexpected out of network bills.
- Printable pre-registration and medical history forms.⁸

Hunterdon County once again being named the “*Healthiest County in New Jersey*” is due in part to the mission of the HHS which is “to deliver the compassionate and exceptional care that improves the health of the community.” With this award it only seems natural for the HHS to focus on a “wellness model” and promote its vision throughout the community with the opportunity of partnering services with other nearby counties.

⁷ <http://www.hunterdonhealthcarepartners.org/home.asp>

⁸ <http://www.hunterdonhealthcarepartners.org/home.asp>

The Partnership for Health, (PFH) is a county-wide initiative that involves more than 30 community service providers, agencies and organizations sharing a common interest in promoting and improving the health, well-being and quality of life of Hunterdon County residents. Each agency represented in the Partnership plays a vital role in improving the health of the Hunterdon County community.

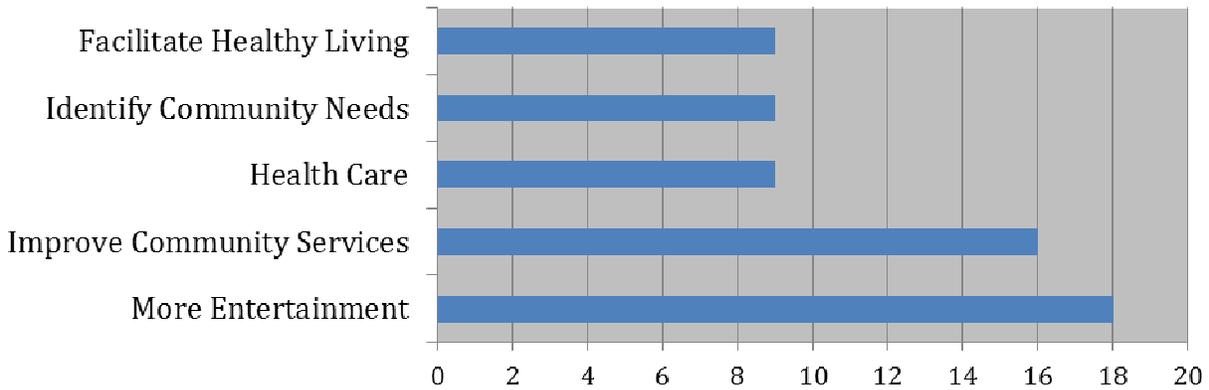
The Partnership for Health participated in a 2 year community health improvement, or needs assessment project funded by the Robert Wood Johnson Foundation. In 2013, they released this comprehensive study and found these areas of significant concern:

- 18.8% of adults are obese; this rate has been steadily rising since 1995.
- The percentage of Hunterdon residents who are 65 years and older increased from 10% in 2000 to 12.7% in 2010. It is projected that in 2030, the elderly will make up approximately a quarter of Hunterdon's population.
- Only 37.9% of adult Hispanics living in Hunterdon County have some form of health insurance compared to 93.2% of the general county population.
- 45.2% of Hunterdon Hispanics reported never having seen a doctor compared to only 0.6% of the general Hunterdon population.
- Prevalence of binge drinking among Hunterdon adults (29.3%) is higher than state average (25.5%).
- Percentage of Hunterdon high school students who have tried heroin was 2.2% which is higher than state average (1.6%).⁹

The Partnership for Health also conducted Focus Group Surveys of the most frequently mentioned factors regarding the quality of life in Hunterdon County based on frequency and priority. The finding noted contributing factors, reducing factor and recommendations.

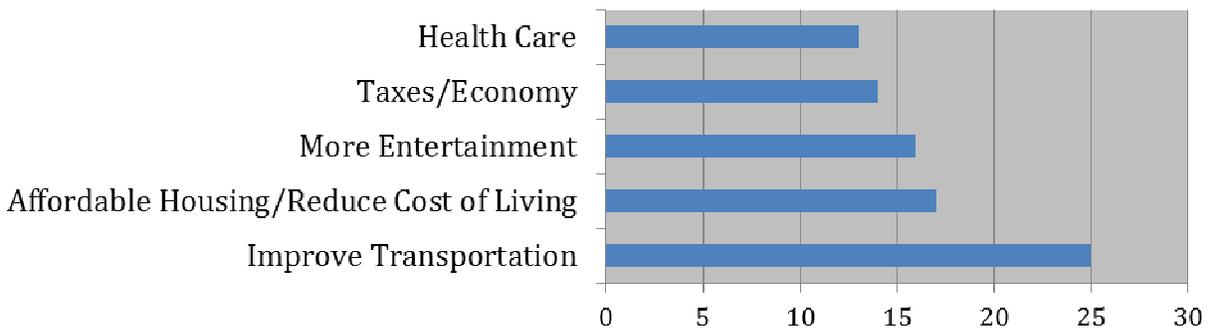
⁹ http://www.co.hunterdon.nj.us/pdf/health/2013%20HC_CHIP_Final.pdf

Most Frequently Mentioned Recommendations for Improving Quality of Life in Hunterdon County (Frequency)



Note: Health Care quality findings were regarding access and affordability.

Most Frequently Mentioned Recommendations for Improving the Quality of Life in Hunterdon County (Priority)



10

Keeping Hunterdon County Residents in Hunterdon County

It's not news to anyone in the county that population is shrinking. Per the Hunterdon County Community Profile, by 2020 the largest percentage of the county

¹⁰ Partnership for Health Presentation May 20, 2016 – Focus Group Data

population, 17.9%, will be between the ages of 55-64. This age group, the baby boomers, will account for approximately 22,998 residents from the total projected population of 128,377. How do we keep those “baby boomers” here other than lowering the tax base?

Baby boomers drive the healthcare market with the average age at fitness centers being 56 years old. (Pinque 2016) The median household income is projected to be \$124,924 by 2020. The focus of this age group will be an anti-aging and wellness health model. People are living longer and have the money to invest in preventive health. The future of healthcare will be wellness driven and no longer seen as “sickness driven” (Pinner 2016). People want more integrative and holistic services, chiropractic and acupuncture services to manage chronic pain as opposed to pharmaceuticals. There will be an increased demand for health and wellness centers, exercise and weight management programs, healthy eating programs. Behavioral health initiatives to include anxiety and stress management programs are also emerging areas for services. There is a need for various businesses that can promote good overall health to all residents from youth to old age.

Can high quality healthcare play a role in keeping millennials in Hunterdon County? This younger age group has different medical needs and demands. Millennials (those aged 18-34) worry about money, are independents and skeptics, and have little trust in established institutions to do the right thing for them. (Keckly 2014)

Most millennials do not make buying insurance a priority due to high costs; they shop and compare doctors through social media. More and more online services like Amwell.com, a telehealth site, are gaining popularity, especially with busy millennials.

Millennials want things simple, paperless and prices that are fair. They believe healthcare is a right not a privilege for the rich. They want a system wherein preventive

health and primary care is holistic that also pays for a blend of mind-body therapies, embraces healthy food and clean air. They see a sick care system and they want health and wellness options to avoid needing sick care.¹¹

Addressing physical and mental wellness on a community level will create more avenues in prevention and education on substance dependence, weight management, chronic disease management, etc. Social Assistance agencies could get involved with outreach to the Latino population and any other “under-reached” members of the community.

So what is the definition of wellness? The *World Health Organization* defines it as “the optimal state of health” of individuals and groups. There are two focal concerns: the realization of the fullest potential of an individual physically, psychologically, socially, spiritually and economically, and the fulfillment of one's role expectations in the family, community, place of worship, workplace and other settings." Maintaining a high level of wellness is crucial to living a higher quality life. Wellness matters because everything we do and every emotion we feel relates to our well-being. In turn, well-being directly affects our actions and emotions. It's an ongoing circle. Therefore, it is important to achieve optimal wellness in order to subdue stress, reduce the risk of illness and ensure positive interactions. 40 % of health is determined by lifestyle. (Pinner 2016)

Many businesses have incorporated a “wellness model” making it a win-win for both the employee and employer, no matter how large or small the employer. In January of 2016, the Hunterdon County Chamber of Commerce launched the *Healthy Hunterdon Workforce Initiative*. The goal of this initiative is to continue to maintain and improve the

¹¹ <http://thehealthcareblog.com/blog/2014/03/18/what-do-millennials-want-from-the-healthcare-system/>

health of our workforce in Hunterdon County so that we will remain economically competitive, grow and prosper. Another goal is to provide and promote the various community resources for healthy living and habits, to create a "Culture of Health" throughout the county. This culture is very attractive and a major selling point for anyone looking to live, work and play in Hunterdon County.

Below is a listing of all the Hunterdon County businesses that are taking part in this health initiative:

- Hunterdon Regional Community Health
- Cardiovascular Associates
- Hunterdon Preparatory School
- Shoprite of Hunterdon County
- Investors Bank
- Hunterdon County YMCA
- Patton, Heide and Associates
- Hunterdon Integrative Medicine
- Brideside Adult Day Care Center
- Hunterdon Child Development
- Flemington Chiropractic Center
- HART Commuter Information Services
- Hunterdon County Division of Public Health
- Hunterdon Healthcare Public Relations & Marketing
- Hunterdon Healthcare Human Resources
- Hunterdon Healthcare Speech & Hearing Center
- Fred Beans Toyota/Fred Beans KIA
- Hunterdon Healthcare Partners
- Hunterdon Prevention Resources
- Coldwell Banker--Clinton
- American Cancer Society

The prevalence of wellness programs in today's work environment was examined in the 2012 Aflac WorkForces Report, an online survey of more than 1,800 benefits decision-makers and more than 6,100 U.S. workers. The study included findings about the impact of wellness programs on employee satisfaction, well-being and productivity. Compared to workers who are not offered wellness programs, employees who are offered wellness

programs and participate in them are more likely to have a higher level of job satisfaction, feel happier with their employer, and be more satisfied with their overall benefits.¹²

Market Size

Baby boomers are the bulk of Hunterdon County's customer base but soon that population may be dwindling due to many retiring out of the county. Hunterdon Behavioral Health has had a location in Washington, Warren County NJ, for the last 20 years but Robert Wise made a commitment over 25 years ago that he would bring a full circle of service and he has come through with his plan. On January 8th Hunterdon Healthcare System broke ground on a new building that will offer not only offer behavioral health care but physical and occupational therapy, family medical care and many more services to the area.

"We have regional healthcare with our primary care network in four counties," Wise said before the groundbreaking started, listing sites in Pennington, Lambertville, Washington, and additional areas through Hunterdon Healthcare's alliance with Atlantic Health System. (Graziano, NJ.com 2016)

The HHS is also expanding services into Somerset County which has 3x the population of Hunterdon County, to combine and grow their network of doctors and services. This expansion will help sustain and increase growth over time as well as providing more choices for Hunterdon County and Hunterdon County residents.

¹² http://www.theihcc.com/en/media_center/editors_picks/the-impact-of-wellness-programs-on-america%E2%80%99s-workf_h2jeegra.html

Real Estate and Rental Costs in Hunterdon County: Will It Advance Growth?

Hunterdon County had approximately 1.25 million square feet of office space as of third quarter 2013 and is expected to have an additional 93,000 square feet available by 2017. Medical office space enjoys reasonably strong demand, based on the expansion of ambulatory medical services tied to an aging population and a community healthcare strategy spawned by the Affordable Care Act (ACA). (Per CEDs page 67)

The majority of available office space is abandoned corporate offices which can be repurposed for medical services, health clubs, after school activity centers, integrative and holistic care. Another possible option to be considered is converting vacant buildings near town centers into multi-family rental units. The abundance of available office space in the county should keep rental costs down. These underutilized properties are negatively impacting the ratable tax base, which should provide many new opportunities for economic growth.

Sufficient Infrastructure

The economic development of Hunterdon County infrastructure needs to be improved with regards to broad band providers and sewer service. Technology is no longer a luxury but a necessity for all businesses to exist in today's economy. Information Technology needs will continue to grow as new businesses startup and broadband coverage and internet speed will be of great importance to keep up with the demands of society.

Healthcare is going digital. Affordable Care Act has mandated health care facilities and providers to record patient information via electronic health record platforms to

facilitate continuity of care, reduce medical errors and reduce medical cost. Telehealth programs are here and improving care especially for the chronically ill in our community.

Other infrastructure needs like water, septic, railroad, power, etc. all need to be taken into consideration with new construction. With a 40% vacancy rate in existing office space, it would be beneficial for the state to offer tax incentives to new businesses while benefiting ratepayers.

Complementary Growth to Other Sectors

Promoting a “wellness model” throughout Hunterdon County will benefit healthcare and other businesses throughout the county. People visit and have chosen to live here due to its beauty and natural resources. Our major strength, as noted in the CEDS page 21, is the high quality of life in HC. For the 7th year, Hunterdon County has been recognized as the healthiest county in NJ and one of the healthiest in the nation. Recreational activities abound for visitors and residents. A wellness model will focus on staying active at all ages and will help increase business for local vendors as well as new businesses if marketed correctly. The national trend for local and organic food will only help our farming communities as well as the farm to table movement that today’s millennials and boomers demand.

There are financial benefits to business who implement a wellness model. A comprehensive analysis of 42 published studies of worksite health promotion programs showed that companies that implemented an effective wellness program realized significant cost reductions and financial gains, including:

- An average of 28 percent reduction in sick days

- An average of 26 percent reduction in health costs
- An average of 30 percent reduction in workers' compensation and disability management claims
- An average \$5.93 to \$1 savings-to-cost ratio.¹³

Getting local businesses to buy into the *Healthy Hunterdon Wellness Model* and promoting our county as a wellness driven county that people choose to live, work and play in should be the theme of a big marketing campaign. This campaign would attract entrepreneurs from many markets here to HC. Promoting the message that businesses will save money and have healthier employees is the way to move forward for a more productive community.

Strategies

The 26 municipalities need to come together with the same economic goal in mind. The established populations of Hunterdon County need to embrace changes in order to enable prosperous growth. Years of research on economic development, the CEDs document, prior year's white papers all indicate that Hunterdon County's development is challenged. For healthcare, hiring quality employees for lower level service positions and retaining those employees is challenging due to the cost of living and transportation in Hunterdon County. The Independence Manor Assisted Living had to address this issue by recruiting foreign workers and providing housing and transportation for these workers. (Guydish) Hunterdon County has to address the high cost of housing to reduce the need for

¹³ http://www.theihcc.com/en/media_center/editors_picks/the-impact-of-wellness-programs-on-america%E2%80%99s-workf_h2jeegra.html

businesses to look outside the county, state and at times the country for dedicated, quality employees.

There have been extensive recommendations made in the CEDs to attract businesses and retrain residents in Hunterdon County that may need to be revisited:

- Invest in and implement adequate transportation options for residents and businesses
- Increase inter- and intra-County public transit service; increase awareness of available services
- Look to the state for any tax incentives for healthcare/wellness driven businesses
- Establish the County's role in facilitating public/private partnerships to enhance economic development
- Advocate for streamlining of state and local regulatory requirements; reduce red tape associated with commercial development or redevelopment; support efforts that will reduce tax burden
- Repurpose existing underutilized commercial and industrial properties, offer incentives
- Create revitalized and vibrant communities by focusing development in town centers and for transit-oriented development (TOD) Support housing variety and density in centers that seek redevelopment/revitalization
- Encourage broadband service providers to make broadband service available to all town centers and areas containing clusters of commercial establishments
- Ensure the reliability and redundancy of County utilities and energy infrastructure
- Provide efficient use of existing roadway/highway corridors and town center transportation resources for the movement of goods, services, and people
- Support housing variety and density in centers that seek redevelopment/revitalization
- Ensure that sufficient technical training and workforce preparation is available and coordinate with the needs of businesses

- Implement transportation projects leading to the provision of public transit, addressing affordability challenges and automobile-dependency
- Create a friendlier business environment through the provision of quality and adequate capacity infrastructure (water/sewer/broadband/electric redundancy) and workforce training, ensuring a healthier Hunterdon County labor supply
- Each municipality must examine its planning, zoning and land use patterns and channel development to where it is appropriate¹⁴
- Secure a good marketing firm to look for future business prospects marketing all the benefits of Hunterdon County living and the “wellness mindset of the community and the “REAL” savings

Summary

Presently the healthcare industry in Hunterdon County is strong and poised for growth in Ambulatory Health Care Service and Nursing & Residential Care Services. With that in mind, it is important to recognize where the industry is growing and the challenges presented to enable its successful growth. We have identified the need to increase and/or expand workforce housing and public transportation. Affordable housing/reduce cost of living and improved transportation are noted as the top priority recommendations from the Partnership for Health focus groups. Continuing education opportunities are important to successfully staff lower/entry level positions in each of the healthcare sectors. Hunterdon Polytech offers high school students classing in the health sciences and nursing. The Polytech also offers adult continuing education classes to become a Certified Nurse Aide, Dental Assistant and Phlebotomist. Successful communication and enrollment in these educational opportunities will help ensure our county residents will fill the

¹⁴Hunterdon County Comprehensive Economic Development Strategy, pages 23-31

healthcare job openings. Opportunities exist to repurpose existing real estate to accommodate the varied healthcare businesses.

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EDUCATION IN HUNTERDON COUNTY

Education is one of the five most promising business sectors poised for growth in Hunterdon County in the near future. Although some demographic and economic trends point to a declining need for K-12 education, the expansion of Polytech or the development of another career and technical school is likely and desirable on many levels. We do not see the creation of a community college or the expansion of RVCC's footprint in Hunterdon County as likely or viable for a number of reasons including (i) RVCC's proximity to the county borders, (ii) the Link now provides daily transportation services to the RVCC campus (albeit only from a limited number of locations), (iii) the new workforce training center will provide skills training to adults, and (iv) for RVCC to add a facility within the county, they have to replicate all services at the main campus, which is cost prohibitive according to RVCC leadership. Nevertheless, despite the gloomy outlook for the creation of a community college within Hunterdon County, there are economic and demographic trends that point to growth of a career or technical school or the expansion of Polytech.

The estimated 2013 population of Hunterdon County is 126,250, a decline from the 2010 population of 128,349.¹⁵ Growth in population has remained relatively flat in recent years, and is projected to remain so into the near future.¹⁶ Despite flat population growth locally and regionally, Hunterdon County has demonstrated relatively strong growth in on-

¹⁵ Hunterdon County Comprehensive Economic Development Strategy (hereafter "CEDS"), December 2014, p. 60.

¹⁶ CEDS, p. 60.

family households.¹⁷ We also are absorbing an aging baby boomer population in the age 55 to 74 range at a higher rate than the rest of New Jersey.¹⁸

The declining population of young people is forcing the closing of Spruce Run Elementary School in Clinton Township, which saw its student population go from 1,800 in 2005 to 1,600 in 2013.¹⁹ The decline in school age children reflects a trend of families leaving the county. Yet the enrollment of high school students and adults in Polytech has remained stable with a slight increase in enrollment numbers since 2013, recognizing the need of younger skilled trades workers to replace those either retiring or being promoted to replace retirees.²⁰

Nevertheless, these demographics do suggest that an educational presence like Polytech is poised for growth in Hunterdon County for our youth as well as for the aging baby boomer population. These baby boomers are "... unwilling to settle for the same rocking chair retirement of their parents. "'Boomers have what are described as "hungry minds", and they plan to read, debate, and do creative projects for years to come.'" (University Business, 2008)²¹ "In the words of Andrew Carle, Executive-in-Residence, Assistant Professor, and Founding Director of the Program in Senior Housing Administration at George Mason University in Fairfax, Virginia, "When [boomers] retire they don't want to go to a golf course or some place on the side of a mountain. They want a

¹⁷ CEDS, p. 60.

¹⁸ CEDS, p. 60.

¹⁹ http://www.nj.com/hunterdon-county-democrat/index.ssf/2015/01/potential_school_closing_in_cl.html

²⁰ CEDS, p. 63 & 134.

²¹ <http://www.enlitened.com/enlitened-thinking/articles/not-your-fathers-retirement-the-impact-of-baby-boomers-on-continuing-education/>

place that is active, intellectually stimulating, and intergenerational.”” (University Business, 2008)²²

The impact of the growing number of healthy retirees with disposable income is already being felt in the ... learning strategies focused on adults, and will only continue to grow as baby boomers retire. By 2015, those aged 50 and older will represent 45% of the U.S. population. Adults 45 and older will out-spend younger adults by \$1 trillion annually with the total spending for 50+ households scheduled to increase by over \$900 billion. In 2010, people aged 50 and older spent an average of 47.6 percent of their family’s budget on nonessentials. (Immersion Active, 2012).²³

This represents huge buying power that our community should and must harness.

“Lifelong learners, a phrase coined to describe the baby boomer student, “view earlier education achievements...as means to getting a job. Now they view continuing education as a means to:

- Create a new enterprise with a community purpose in mind
- Use non-profit businesses and organizations as means to accomplish a collective purpose
- Prepare them for public office running on a platform of community reform
- Engage in think tanks which seek to resolve community issues
- Write books, newspaper articles, and other writing venues to inspire reform
- Run well researched websites and blogs which focus on resolution of world issues
- Become activists in organizing others in to think about community and world issues. (MacMullen, 2011)

²² Id.

²³ Id.

But not all baby boomers are continuing their education for altruistic reasons. Many boomers face financial conditions into retirement that require them to continue generating an income. “Retirement USA recently calculated a very scary number representing the gap between where retirement savings should be and how much Americans actually have. The total deficit was estimated to be \$6.6 trillion dollars. In many cases, senior citizens will have no choice but to keep working past traditional retirement age.” (Retirement USA – Facts of the Day, 2011.)²⁴

These indicators point to not only a desire for higher education opportunities among baby boomers but also a real need for baby boomers to obtain additional training or retraining to bridge the income gap between retirement income and cost of living. And, since this is the largest growing segment of the Hunterdon County population, expanding the reach of Polytech or developing a career and technical school in the county makes sense. With the number of students attending Polytech over the last 3-4 years increasing, expanding the footprint of Polytech to address the rising needs of high school and adult students also makes sense. Many Polytech programs are at capacity with the main facility wedged onto the Hunterdon Central High School property with no available space for expansion. If the enrollment numbers continue to trend upwards, then the need for space must be addressed.

An aging population with a high degree of discretionary income and significant buying power wants and needs services including health and medical services, restaurants and entertainment, and retail and shopping areas. A career and technical school has a

²⁴ Ibid.

complementary and trickle down effect into many other facets of the economy. RVCC does this tangentially with its business training partnerships but is too far geographically from Hunterdon County town centers to have much trickle down economic affect locally.

The additional industry sectors in turn require skilled labor and service workers to operate. Hunterdon Medical Center for example continues to expand its operations including (i) a satellite medical services building in Warren County²⁵, (ii) the opening of a cardiopulmonary rehab center in Raritan Township,²⁶ (iii) expansion of the Phillips Barber family Health Center in Lambertville,²⁷ (iv) and the opening of an urgent care center on Church Street in Flemington. These expansion plans are likely to continue and provide significant fodder for a skilled workforce that can and should be educated right here in Hunterdon County.

Robert Wood Johnson University Hospital is also expanding its health and medical service facilities in Hunterdon County with an urgent care facility in Flemington that opened in 2014²⁸. And then there is the commencement of construction of the Hanna Memorial Cancer Clinic in Clinton Township.²⁹

²⁵

http://www.nj.com/hunterdon/index.ssf/2016/01/hunterdon_healthcare_breaks_ground_in_warren_count.html

²⁶ http://www.nj.com/hunterdon-county-democrat/index.ssf/2014/03/hunterdon_medical_center_in_ra_7.html

²⁷ <http://hunterdonhealth.com/PBFHexpansion>

²⁸ http://www.nj.com/hunterdon-county-democrat/index.ssf/2014/10/flemington_urgent_care_center.html

²⁹ http://www.lehighvalleylive.com/hunterdon-county/express-times/index.ssf/2011/08/cancer_clinic_proposed_in_clin.html

A school that offers skilled medical degrees and technical certifications would flourish under these conditions. In addition, service industry workers needed for restaurants, and to service businesses (skilled trades workers, secretaries, delivery personnel, custodians, etc.) would be drawn to Hunterdon County as these industries grew.³⁰

EXPANSION/GROWTH OF A CAREER & TECHNICAL SCHOOL WILL ENCOURAGE STABILITY & RETENTION IN POPULATION, AND COMPLEMENT OTHER ECONOMIC ACTIVITY AND GROWTH

“Policymakers are increasingly viewing colleges and universities as important engines of growth for their local areas. In addition to having direct economic impacts, these institutions help to raise the skills of an area’s workforce (its local “human capital”), and they do this in two ways. First, by educating potential workers, they increase the *supply* of human capital in a region. Perhaps less obviously, these schools can also raise a region’s *demand* for human capital by helping local businesses create jobs for skilled workers.”³¹

“Colleges and universities are assets to their regional economies, especially because they spend money in their local areas and employ local workers. The higher-education sector also tends to contribute stability to a region since it’s less susceptible to downturns

³⁰ CEDS, p. 16.

³¹ <http://libertystreeteconomics.newyorkfed.org/2012/02/how-colleges-and-universities-can-help-their-local-economies.html#.VwF694wrKu5>

than other sectors of the economy. Indeed, the education sector expanded before, during, and after the Great Recession.”

“These institutions also play an important role in their local economies by helping regions build their skilled workforces. This contribution is significant because regions with higher levels of human capital—measured by the share of the working-age population with at least a bachelor’s degree—tend to be more innovative, have greater amounts of economic activity, and enjoy faster economic growth, and workers in these regions tend to be more productive and earn higher wages.”

The impact a university or college presence has on the local and regional economy cannot be overstated. There have been numerous impact studies performed by universities and colleges across the country that draw similar conclusions.³²

A college or an expanded Polytech presence is an attractive asset to the county, which would encourage our youth to remain here and yield huge returns to the local economy.³³ The rising need for skilled healthcare professionals compels the expansion of a technical career school for this purpose. Career and technical schools work on many levels, including minimizing the risk of high school drop-outs, providing post secondary students and adults with basic skills and the opportunity to learn a skilled trade, and a boom to the local economy.³⁴ As the economy improves, the region becomes more attractive to workers and employers. An expanded technical school campus is town centric and creates

³² <http://tbed.org/my-projects/economic-impact-studies-document-library/>

³³ [https://www.acteonline.org/uploadedFiles/What is CTE/Fact Sheets/ROI of CTE map 2016.pdf](https://www.acteonline.org/uploadedFiles/What%20is%20CTE/Fact%20Sheets/ROI%20of%20CTE%20map%202016.pdf)

³⁴ [https://www.acteonline.org/uploadedFiles/What is CTE/Fact Sheets/CTE Works Rese arch 2016.pdf](https://www.acteonline.org/uploadedFiles/What%20is%20CTE/Fact%20Sheets/CTE%20Works%20Rese%20arch%202016.pdf)

pedestrian and consumer traffic. A technical school generates interest for all age groups including continuing education and re-training for boomers.

THERE IS SUFFICIENT MARKET SIZE TO JUSTIFY THE GROWTH OR EXPANSION OF POLYTECH OR ANOTHER CAREER AND TECHNICAL SCHOOL

Although population growth in Hunterdon County is flat, non-family households are experiencing relatively strong growth. In 2014, New Jersey had over 450,000 citizens enrolled in a college, university or community college.³⁵ Nearly 280,000 of those citizens were enrolled on a full time basis. For the regional community colleges alone, the number of enrolled students was 60,679.³⁶ If Hunterdon could garner even 2% of that regional market for community college students alone without even considering university students, these numbers would justify the development of an institution of higher education in Hunterdon County.

For many students, the new normal is not an immediate segue from high school to university but a more meandering path to a community college or technical school that allows them a more cost effective alternative to a university education with the flexibility to allow them to work while attending school.

The CEDS report makes clear with regard to our technical and trade school that the facility is overcrowded and underfunded to provide an adequate flow of trained workers

³⁵<http://www.state.nj.us/highereducation/documents/pdf/statistics/fiscal/12MonthEnr2014.pdf>

³⁶ Including Warren, Sussex, RVCC, Morris, Middlesex and Mercer County Community Colleges.
<http://www.state.nj.us/highereducation/documents/pdf/statistics/fiscal/12MonthEnr2014.pdf>

for current and future business needs.³⁷ This presents a huge opportunity for the county to seize on. Although the development of the Workforce Training Center at RVCC may satisfy some of these needs, it does not provide enrollment for high school students and there is limited transportation to the facility.³⁸ A more local educational institution would also draw on the population from other counties like Warren, Mercer and Bucks.

AVAILABLE REAL ESTATE SUPPORTS GROWTH IN THIS SECTOR

The proposal by Jack Cust, Jr. to redevelop a large swath of Main Street in Flemington includes a college or technical school campus. This plan requires Mr. Cust's development group to purchase and demolish existing buildings or repurpose the ones currently there. The real estate however does exist for this purpose. Of more concern is whether the water, sewer and technology infrastructure is there. State and federal funding does exist to assist in the development of this infrastructure although the viability of the municipality or county qualifying for this aid is beyond the scope of this paper. Flemington proper does have limited water and sewer infrastructure so it remains to be seen how the Cust redevelopment proposal will play out in the details.

There are many existing underutilized commercial and industrial properties that could be repurposed to provide facilities for an expanded technical school or college campus including:

- 851,000 square feet of industrial space at the former Lipton Tea facility
- 19,000 square feet of industrial warehouse space on Johanna Farms Rd

³⁷ CEDS, p. 28.

³⁸ <http://www.raritanval.edu/studentserv/transport/transportation.html>

- 25,000 + square feet of industrial space on Route 173 in Hampton

SPECIFIC STRATEGIES FOR ENCOURAGING THE GROWTH IN EDUCATION, AN EXPANDED TECHNICAL SCHOOL

Hunterdon County is in a unique position to avail itself of the opportunity afforded to it by Jack Cust, Jr. in seeking a college campus or technical school presence in his redevelopment plans for Main Street in Flemington. This is an opportunity that cannot be missed. The relevant county and municipal authorities must be flexible in supporting this redevelopment plan.

Local government must work cooperatively in partnership with private investors and developers to make the expansion of the Polytech school or the development of a college campus a reality. There are many factors at play here some of them political and some of them beyond the scope of this investigation. However, here are some suggestions:

- Provides tax and utility incentives in the form of rebates or abatements to private developers
- Assist developers in obtaining financing through the New Jersey Economic Development Authority
- Assist private developers in applying for loans from the NJ Environmental Infrastructure Financing Program to address sewer and water needs
- Ease zoning restrictions and streamline building permitting processes
- Designate a task force to work cooperatively with a private investor to seek out other sites that may be appropriate for redevelopment as a substitute Polytech or college campus

WORKFORCE HOUSE IN HUNTERDON COUNTY

There's a crisis in Hunterdon County. Residents are leaving in droves. High taxes, cost of living, and leaving for better work opportunities are among few of the reasons Hunterdon County residents are leaving. Let's examine the real estate market of Hunterdon County and find ways to work to turn around this exodus into an influx of new families, increased school populations and new business in this beautiful county we call home.

Issues Identified by the CEDS

Hunterdon County has many strengths when attracting homeowners to this beautiful county. The quality of life is second to none with many outdoor recreation amenities, rolling landscapes, river town 'small town' atmosphere, superb farming attractions and great dining and shopping experiences. The rural quality of the county is a primary draw for people. The housing sector of Hunterdon County does command a high median income, which can be a strength, but also a weakness.

A tremendous opportunity exists in Hunterdon County to capitalize on land use for higher density projects; thus, creating and nurturing walkable communities. Great examples of such communities exist in both Flemington and some of our "river towns".

Housing in Hunterdon County is not without its drawbacks. The county is viewed as a bedroom community where residents work, play and dine outside of the county. This ties back to the high median income level which is so prevalent in the communities. With such a high median income level, there is little room for smaller, more affordable and/or rental housing units, which accommodate more of the service industry population of Hunterdon County.

The lack of such workforce housing can be tied to limited water and sewer infrastructure, cumbersome regulatory processes, fees and taxes. Low income or affordable housing/rentals also benefit from a connected transportation system.

Largely, there are issues with housing in Hunterdon County which directly affect the declining population. The high cost of living is likely the number one issue here and will exclude certain demographic groups. Hunterdon County is not attracting many new families with children. Also, there is very little existing or new business to attract young professionals to the county. And, the aging population, that has little financial earning nexus to Hunterdon County, is also relocating elsewhere to reduce their cost of living, which leads to a shift in the housing demand.

All of these problems need to be examined in order for the housing climate change to begin in Hunterdon County which has so much to offer.

Change in Population By Age in Hunterdon County

Before we can fully understand the CEDS SWOT analysis, it is important to understand the change in population by age in Hunterdon County and what has transpired over the past five years as well as what is forecasted for the next five years.

In the last five years,

- There has been a sharp decline in all cohorts under 54 years of age in Hunterdon County.
- Cohorts aged 25 to 35 has increased slightly by 5%.
In the next five years,
- Cohorts aged 35 to 44 being flat.
- Cohorts aged 45 to 54 almost doubling.

- Cohorts aged 55 & up continue to rise.

Although the future numbers are only predictions past 2015, we are experiencing a rapid fall off in the lower aged population segments (with the exception of the 25 to 34 cohort) and growth in the 55+ cohorts.

The exception to 25 to 34 cohorts is most likely attributed to first time home buyers that are migrating to Hunterdon as they are entering in their “nesting” phase of life and looking for quality of life offerings to raise a family. One could argue that the over 65 age groups seem to be increasing, but if you take into account the amount of Hunterdon County residents aging into that segment, it is also falling off.

Much of this outward migration in Hunterdon County appears to be from the high cost of living and a lack of what is considered workforce housing (but not necessarily COAH). More depth on these patterns can be found in the information provided by Jeffrey Otteau later in this report.

The Housing Sector

The housing sector seems poised for growth in Hunterdon with hundreds of new units planned in Flemington (Cust and Dallas properties). The intent here is to define workforce housing (above the COAH levels) for lower wage earners with amenities for aging population.

Will growth in the particular business sector encourage people to play, live, stay and work here? The availability of more moderate priced housing would definitely accomplish this. If we could establish more one and two-bedroom rental units at the lower, more

popular price points, it would help provide housing for the workers at the service industry end of our economy. Hunterdon County then would also need workforce owner occupied housing including possible starter housing in order to generate future generations of the same.

In response to the county's senior population, more rental units and more moderately priced, age restricted developments would also allow seniors to stay here versus moving to more senior friendly states based on cost of living.

Is there sufficient market size to justify growth in the housing sector? The answer is yes. Hunterdon County is largely a service industry county and the high cost of living restricts workers to live here. Most workers live outside of Hunterdon and commute to their jobs. Or, if we say this in reverse, we fail to draw workers to live and work here as our housing options at the lower end are few.

On the senior level, this is our fastest growing population segment. There is an abundant market size. Most seniors wish to downsize their housing or have one-level homes making it easier for mobility and/or future home health care (aging in place).

Does the average rental and purchase cost of real estate needed by these business sectors advance growth? Is such real estate available? Minimal workforce housing is available above the COAH level; more is required. Industrial space is experiencing a 40% vacancy rate. A question that always arises is "can this vacant industrial space be repurposed"?

One must be aware of COAH's changing requirements as it leads to restrictions placed on the housing sector. Hunterdon County has 477 Section 8 COAH units where lower income residents can find housing that is capped at the 30% or earnings levels.

There is a five year wait to get into this housing. Just above that level is non-section 8 COAH which currently has about 1200 units; they are rented at fixed rates of about \$1,200 for a one-bedroom unit and \$1,550 for a two-bedroom unit. All accessibility is based on the COAH eligibility charts¹.

Because of Hunterdon's high level of affluence, these charts show one can earn \$36,000 (one person) and \$52,000 (family of four) in Hunterdon County and be eligible for COAH housing.

Approximately 50% of all COAH units in Hunterdon County are seniors. Very little COAH in Hunterdon County is purchased due to the high costs (including real estate taxes). Above that COAH is what is termed free-market housing both from the rental and purchase standpoint for all ages.

And then there are the COAH 100% age restricted complexes such as Herrmann Kapp and Mirota. The maximum level of earnings to be considered is \$36,750 for one person and \$42,000 for two. Rentals are \$780/month for a one bedroom/1 bath unit (650 Sq. feet) and \$945/month for a two bedroom/1 bath unit (828 Sq. feet). This information is highlighted in the Hunterdon County write up on Housing in Hunterdon (2) and a Hunterdon County Housing Resource Guide (3) that lists all rental housing in the county including COAH.

Planning in Hunterdon County

Information gathered from visits to county and municipal planning offices suggest that COAH restrictions currently are dictating building in Hunterdon County. The COAH restrictions (and costs) for fair share housing is limiting the interest in building by

developers. The only projects currently being planned are a COAH 84 unit near (but not related to) the new Costco in Raritan Township as well as a 250 age restricted complex (of which 50 will be COAH) being planned for Raritan Township near Case Boulevard close to the ice rink.

A conversation with an attorney who represents several county municipalities indicated that the COAH process is out of control and very politically motivated at present. He stated that we already have enough COAH units in some places and in others we are being forced to build more units that are not needed. He questioned if the residents could even afford them if they were needed. Califon was cited as an example of this.

The planning department at both the county and municipal levels reiterated that “infrastructure is a problem that dictates to this shortage. The three main areas of insufficient infrastructure that come up in interviews were: transportation, water, and sewer”.

An Industry Expert’s Opinion:

Jeffrey Otteau on the Otteau Evaluation Group stated the following:

The benefits of providing workforce housing are many, primary of which is to provide housing for lower income workers. This can range anywhere from very low income to higher value workforce housing for teachers, police, municipal workers, etc. Much of Hunterdon County however isn’t well suited to this type of housing due to its scarce public transportation system which lower income households are dependent upon. Still, a need exists that hasn’t been satisfied to this point.

The way most workforce housing gets constructed is when it is embedded in market rate projects as a set-aside of between 10%-20%. Under this scenario, a builder will be granted approval to construction a greater number of market rate homes in exchange for including a set-aside of workforce housing which generally isn’t profitable for the developer.

Constructing workforce housing provides benefits to those lower income households....and also....to employers as it enables their workforce to reside nearby.

Also, this is a bit of a circular argument because 1 thing leads to another. The primary reason that the 'middle' market homes aren't being built is that the zoning for this doesn't exist at the local level. Given NJ's high land costs, which are the highest in the Continental US, the only way to accomplish workforce home construction is for zoning to permit smaller size lots. This would look very much like the single family age-restricted homes that have been built on 7,500 square foot lots in many places, but absent the lavish recreational package. Towns generally don't allow for this type of zoning because they don't want families with children attending their school systems due to the effect that has on property taxes. So to a large extent this has been a self-inflicted problem.

So finding a solution to this begins with re-educating municipalities and the public as to the beneficial effects of workforce housing construction, or what you are referring to as the 'missing middle'. It's very difficult to achieve however because NJ residents are overwhelmingly opposed to development. There are however some towns that are beginning to understand but only because they need to increase their tax ratable base to be able to pay for police, teachers and so on. So it's been largely revenue driven where the change is being proposed.

One of the more notable towns in Hopewell Township, where the mayor is proposing rezoning land to accommodate 2,500 housing units as a fiscal argument to preserve the town's future. Many of the towns people have been opposed to this however.

Here's something Jeff recently wrote...indicating that Hunterdon's population is declining.

Beginning with the 2010 Census, a shift become evident whereby New Jersey's cities and older built-out counties began to grow faster than their outlying suburban counterparts for the first time in decades. This was also true for county population estimates which indicate a similar reversal whereby the state's urbanized counties are growing faster than those on the suburban fringe in the wake of the housing market collapse of 2008. The Census Bureau's 2015 county population estimates indicate a continuation of these trends whereby urbanized places in 'northern New Jersey' are growing more rapidly while exurban counties are either stagnating or losing population. Following is a summary of population change from 2014–2015:

The exurban counties of Hunterdon, Warren, and Sussex in the northeastern part of the state lost population over the past year, as they have in preceding years. Sussex County experienced the

largest population decline in the state losing 1,331 residents or 0.9%. This is a dramatic reversal from the earlier part of the 2000s, when Hunterdon and Warren were both in the top 10 (and Sussex just out of it, at no. 11), and from the 1990s, when Hunterdon ranked third and Warren ranked fifth.

Population Change: 2014-2015						
	1 Yr. Δ			1 Yr. Δ		
New Jersey	19,169	0.2%	Warren	14		
Hudson	5,334	0.8%	Camden	(44)	0.0%	
Bergen	5,670	0.6%	Monmouth	(303)	0.0%	
Union	2,737	0.5%	Mercer	(203)	-0.1%	
Ocean	2,805	0.5%	Burlington	(451)	-0.1%	
Middlesex	3,561	0.4%	Hunterdon	(322)	-0.3%	
Essex	2,472	0.3%	Allanlic	(1,280)	-0.5%	
Somerset	1,020	0.3%	Cape May	(632)	-0.7%	
Gloucester	581	0.2%	Salem	(490)	-0.8%	
Passaic	1,003	0.2%	Cumberland	(1,245)	-0.8%	
Morris	273	0.1%	Sussex	(1,331)	-0.9%	

*The shift from a suburban-centric growth model to one that is more urban was confirmed by a 2014 study published by the Edward J. Bloustein School of Planning and Public Policy of Rutgers titled *The Receding Metropolitan Perimeter* (4) In it, Dean James Hughes and Professor Joseph Seneca write “suburban-centric regional economic growth now represents the twentieth century past”.*

Recent Newspaper Article by Al Warr (excerpts):

Everything changes and Hunterdon County is no exception. The economy in this area is changing, and this puts the county under stress.

Hunterdon's modern period of economic growth began in the 1970s. Slowly, this began a "growth stress" period. "Growth stress" blossomed in the long season of economic explosion that occurred during the 1980s and 1990s.

This was a period of population influx, new residential and commercial construction, growth of schools, and a proliferation of small businesses. The economic

underpinnings helped Hunterdon meet the growing challenges with expanding schools, roads, parks, healthcare facilities, and other community endeavors.

Today, the pendulum has swung in the opposite direction. "Decline stress" is rearing its ugly head. The population is aging, home sales are down, commercial space stands vacant, job openings are declining, schools are enrolling fewer children, farming of all types is in transition, and, for many reasons, healthcare is under strain.

The much-touted quality of life hereabouts depends on many things — chief among which is a healthy tax base. During the "growth stress" phase, tax revenues rolled in. Now, during the "decline stress" phase, the problems of maintaining quality of life will be pushed front and center.

Senior Citizens

If there is not financial nexus to Hunterdon County, our seniors are leaving in droves. This was hammered home when DJ Wright of Wright & Ford Family Funeral Home explained how many of our seniors migrate just over the state line into Pennsylvania due to the comparative low cost of living there. Yet, most of these residents who leave then return to Hunterdon County for burial.

A Realtor's Opinion

New York City has always driven our local real estate markets. The closer you live to New York City, the more real estate is in demand and costs. Even within Hunterdon County it is much easier to sell houses in the Eastern section of the county, rather than in the Western section of the county where there is pressure on prices.

More than 50% of the buyers in Hunterdon County are now first time home buyers driving the demand for the houses in the \$150 to \$350K market (which is where they typically buy). Home owners selling at the \$150 to \$350K level then typically trade up. However, there is less and less activity with houses that are higher in price. The over \$600K market is very soft and getting softer as shown in the latest Market Update for Hunterdon County (5).

As a result, there is very little new construction in Hunterdon County. Existing homes are far less expensive to buy than new construction and builders have shied away from building in Hunterdon County. Currently, the only new housing project of any size in Hunterdon is the Toll Brothers project on Route 12 in Flemington. In contrast, there are many new projects to the east of Hillsborough in Somerset County and one massive rental only project going up in Hillsborough. The good news is real estate trends tend to move east to west in New Jersey.

And, the rental market is very active. The rental market reflects an extremely low 3% vacancy factor presently. New households are being formed as adult children living with their parents (due to the economy) are now moving out on their own. Most times this results in a rental; or, sometimes as a first time home buyer. 1 BR rentals in Hunterdon County for the past year have averaged around \$1,300 and 2BR around \$1,700. There is a high demand for the 2 BR units as there is a tendency to share rentals as children strike out on their own.

Other Notes

Throughout the interviewing process “we need more high paying jobs” was a constant sentiment. “If that happens, all else rolls downhill”. While this problem resolution seems apparent, it also seems very elusive to Hunterdon County. Observing the economy in Somerset County, it is apparent that this problem is not ours alone. It also exists there, but to a lesser extent.

So if the western counties are experiencing the paradigm shift in population described in The Receding Metropolitan Perimeter, then we need to adjust our CEDS thinking (and planning) to include that as well.

Does growth of housing in Hunterdon County offer complementary growth to other business sectors? The answer to this is yes. Workforce housing and service industry workforce go hand in hand in Hunterdon County. There are also synergies in developing housing that is workforce to more skilled jobs as the workforce here also requires housing that matches their salary levels (typically 20 to 40% of gross income).

Of course the creation of more workforce housing causes a trickle down affect to other business sectors. Now, new families moving into the county provide a tax base to the municipalities and school systems, they shop at local retail establishments, they take advantage of the recreation and entertainment possibilities and utilize the Hunterdon Healthcare system. Growing the housing sector helps to grow all business sectors in Hunterdon County.

Conclusions

The Council on Affordable Housing or COAH is prevalent throughout Hunterdon County. Its name and definitions are evolving as we speak. But, it dictates and/or limits

most of our new construction and answers much of our workforce housing requirements both at the lower and the seniors' end of our housing market. This is evident in the proposed units near Costco and the recently built age restricted units such as the Hermann Kapp Project in Flemington.

The COAH chart supplied (1) showed that there is a high threshold of income in Hunterdon County before residents are above the COAH level. COAH appears to be in a state of flux in New Jersey. It seems to be politically motivated at the state level and then filters down to the municipal level. Then, it is implemented via state and local subsidies.

Depending on who you speak to, COAH appears to be more of a restriction than an enabler.

In Hunterdon County in the lower end of the housing market, residents are either in a COAH project or in the free market. There is no "in between" market. For senior residents, it does appear to give some relief in the age restricted units, but to the *very* income restrained (living on social security only with little assets). Above that, senior residents are on their own with few choices in Hunterdon County that are really affordable.

Many seniors seek to find an age restricted development above the COAH provided units where they can reinvest their equity and "right-size". Typical target pricing here is in the \$300K range. Hunterdon County has few offerings in this price range. Over the past year there have been only 29 sales of age restricted housing with an average price of \$344K. And, currently there are only 42 actively on the market with an average price of nearly \$470K (nearly 40% higher). This is the mismatch that results in our seniors leaving the area for more moderately priced, age restricted housing available elsewhere.

Recommendations for Growth

In order to foster a “sustainable” population in Hunterdon County and supply the workforce required for the county:

- Create an environment “friendly” to the construction of more 1 and 2 BR rentals in the price range that is renting and near to the service industry areas (transportation if possible) that require them.
- Encourage at least one municipality to consider plans for a trial ‘starter home’ development in Hunterdon County targeted a just above COAH levels and to support the service industry wage earners with mass transportation options.
- Encourage building more senior housing in the low \$300K level so Hunterdon County can retain the seniors who are leaving our area because of the limited options available.
- Continue to work towards creating an environment for more, higher paying jobs by continuing work to back fill the void left by Merck’s exodus of the county and to attract other new higher paying industries as well.
- Incorporate the thinking of The Receding Metropolitan Perimeter into our CEDS plans.

We need to find a way to draw more population to Hunterdon County and make our current residents aware of why it’s so important to create a more attractive housing environment for the workforce. Providing moderately priced housing will enable our workforce and seniors to live, work and play in Hunterdon County with its corresponding benefits.

Citations:

- (1) COAH Limitation Charts
- (2) Housing in Hunterdon
- (3) Hunterdon County Housing Resource Guide
- (4) The Receding Metropolitan Perimeter
- (5) Market Update for Hunterdon County

OVERALL CONCLUSION

The five business sectors poised for growth in Hunterdon County all present a unique set of circumstances. All have their pros and cons in pursuing further to help grow Hunterdon County as a place to visit, a place to stay. In examining the five business sectors poised for growth in Hunterdon County, several underlying themes resonated throughout.

The Hunterdon County brand and marketing of tourism was a factor in attracting people to visit. Creating exciting trips, trails, and tours are all exceptional ideas; but need a strong marketing division to realize their potential of becoming great attraction of Hunterdon County. Furthermore, creating more awareness among Hunterdon County residents of tourism, entertainment, and recreation opportunities serves as word-of-mouth marketing, which is the strongest type of marketing available.

Hunterdon County is fast becoming a service industry business sector. Healthcare serves as the largest county employer, yet many workers cannot afford to live in the county. Identifying workforce housing opportunities is crucial for the healthcare business sector and for attracting new families into the county to help grow the population. Working towards creating workforce housing compliments many other business sectors including education and shrinking the amount of vacant real estate throughout Hunterdon County.

Lastly, it would be beneficial for Hunterdon County to partner with the private sector to realize some long-term, lasting projects in entertainment and education. Exploring the expansion of Polytech or the development of a career technical school would again benefit Hunterdon County, fulfilling an identified workforce need, directly impacting Hunterdon County employers such as the healthcare industry and providing educational

opportunity for high school students and senior citizens. Private sector partnerships require vision with the long term benefits front and center.

Hunterdon County does have many reasons to come and even more reasons to stay. The rich heritage, beautiful landscape and tremendous opportunity for growth all factor in to its success. It is our goal as the Leadership Class of 2016 to provide an impact in the future growth of Hunterdon County.
