

NEW JERSEY GENERAL ASSEMBLY

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September 5, 2024

Commissioner Shawn M. LaTourette 401 E. State Street 7th Floor, East Wing Trenton, New Jersey 08625

Dear Commissioner,

As lawmakers representing shore towns, we express grave concerns about the department's disregard for our local communities' economic prosperity in drafting the New Jersey Protecting Against Climate Threats (NJ PACT) regulations¹ proposed on August 5, 2024.

While we fully support efforts to protect our environment, we are deeply troubled by the potential economic repercussions of the proposed rules. Our review indicates that the department's approach could inadvertently undermine the economic vitality of our local communities, particularly by driving up costs, delaying community improvements, and further perpetuating New Jersey's reputation as one of the most unaffordable states in the nation.

These rules will make future projects more expensive. For example, the department notes that the proposed regulations "will likely cause a slight increase in the amount of time required by consultants, engineers, surveyors, and other professionals to help applicants demonstrate compliance with the rules." The cost of that time increase, however, will not be slight at all. Depending on the project, it could result in prolonged application reviews, exorbitant design costs, and unfeasible construction costs. For example, the average price of a boundary survey in New Jersey is approximately \$806 for a residential property up to

¹ New Jersey Department of Environmental Protection, Proposed NJ PACT Resilient Environments and Landscape Rules, August 5, 2024, *Available at* https://dep.nj.gov/wp content/uploads/rules/proposals/proposal-20240805b.pdf

² Id at Pg. 529.

1/2 acre, with other fees ranging from \$533.53 to \$1,078.46.³ Structural engineer fees cost from \$500 to \$1,500.⁴ Housing costs are already rapidly rising, breaking the budgets of middle-class and working families, and the developers that provide our communities with jobs, revenue, and economic development.

These added requirements increase the cost of living and cost of economic development, exacerbating the affordability of shore towns for local residents, vacationers and renters. Your department notes that they will also be strained with higher prices, adding that "[regulations] may increase locally, particularly for single-family residential units and for multi-family units." Contrary to the Job Impact Statement, the proposed regulations will make investments in the area cost prohibitive. The economic analyses in the rule proposal focuses solely on costs associated with storm events, flood damage, and emergency response as a basis for advancing the rules. However, the economic analysis does not explore the costs relative to diminished land values/tax ratables, infrastructure funding, building code requirements, renovation costs, and accessibility considerations.

The proposal fails to consider modifications to the Blue Acres program that will lead to a rise in our already high property taxes. This program purchases flood-prone properties from willing sellers and restores the land to its natural state to reduce future flood risks. However, Blue Acre properties are not subject to property taxes, thus increasing the tax burden on local residents.

These regulations discourage middle-class and working families from owning homes or vacationing along our magnificent Jersey shore. The cascading effect from the prohibitively high cost of development, and the consequent reduction in building activity, will have a profoundly negative effect on our shore economies. Homeowners and vacationers will seek more affordable alternative locations than the Jersey shore, which will increase property taxes on current residents and decreasing revenue for local business. Without adjustments to these regulations, there is a significant economic risk that would undermine our communities' diverse and inclusive character.

We hope the department considers working with *all* stakeholders – including and most importantly residents and their local elected officials – to make necessary adjustments to the NJ PACT Resilient Environments and Landscape Rules before adoption.

Sincerely,

Assemblyman Antwan McClellan LD 1

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Assemblyman Erik Simonsen LD 1

³ New Jersey Land Surveying Costs & Prices, ProMatcher Cost Report, 2024, *Available at* https://landsurveyors.promatcher.com/cost/new-jersey.aspx

⁴ How Much Does a Structural Engineer Cost?, Today's Homeowner, 2024, Available at https://todayshomeowner.com/foundation/cost/structural-engineer-cost/

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