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SUPERIOR COURT OF NEW JERSEY LAW DIVISION (Middlesex County) Docket No. L-39452-83P.W.

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TIMBER PROPERTIES, INC., et al.,

Plaintiffs,

: Court's Decision

TOWNSHIP OF CHESTER, et al.,

Defendants.

Middlesex County Courthouse New Brunswick, New Jersey January 19, 1984

BEFORE:

Honorable Stephen Skillman, J.S.C.

APPEARANCES:

Vogel & Chait, Esqs., By: Herbert A. Vogel, Esq.,

Thomas F. Collins, Jr., Esq., Attorneys for

Gilbert J. Stroming, II, Esq., Attorney for

McCarter & English, Esqs., By: Alfred Ferguson, Esq., -and-

Gary T. Hall, Esq., Attorneys for the Defendants.

> Stanley Grabon, C.S.R. . Official Court Reporter

THE COURT: This is a Mount Laurel case, that is, the complaint alleges that the zoning ordinance of the defendant, Chester Township, is unconstitutional because it does not provide a realistic opportunity for the construction of low and moderate income housing.

There are other parts of the case. It is a multi-count complaint containing nonMount Laurel, as well as Mount Laurel claims, some of which have previously been disposed of, and some of which are still pending before me on motion, and others of which have not yet been addressed by motion or otherwise.

The hearing that we have held over the last nine days has involved the Mount Laurel claim, and specifically one aspect of the Mount Laurel claim.

The defendant, Chester Township, has been designated by the Department of Community Affairs in the State Development Guide Plan as lying wholly outside any growth area. Specifically, it's been designated as lying entirely within what the Department of Community Affairs characterizes as a limited growth area.

.The plaintiffs have challenged the

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validity of that designation by the Department of Community Affairs, and it is that challenge which has been the subject of the nine-day hearing that we have held.

Now, if the Department of Community

Affairs designation is valid, then Chester's

obligations under Mount Laurel II are limited to

providing a realistic opportunity for the con
struction of decent housing for its indigenous

poor.

On the other hand, if Chester were found to be located partly or wholly in a growth area, it would have the more expansive responsibility of providing a realistic opportunity for the construction of lower income housing for its fair share of the present and prospective need in the region in which it is located.

This means that the proofs required at trial and the fact finding required by the court are quite different, depending on whether a municipality such as Chester is located entirely outside any growth area or whether it is located at least in part in a growth area.

If a municipality is located entirely outside any growth area, then the court's role,

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its responsibility is limited to determining the number of resident poor currently residing in inadequate housing, and then to determine whether the municipality's zoning ordinance makes adequate opportunity for the construction of housing for those so called indigenous poor.

On the other hand, if a municipality is located wholly or partly in a growth area, then the court is called upon to determine the housing region in which the municipality is located, the total need for lower income housing in the region, and the municipality's fair share of that need.

Now, in view of this substantial difference in the proofs and fact-finding which the court is required to make, depending upon whether or not a municipality is partly in a growth area, I, a number of months ago, bifurcated the issue of the validity of the Department of Community Affairs designation of Chester for a separate hearing in advance of the main trial of the case.

Now, I think that before discussing the proofs which have been presented on the challenge to the Department of Community Affairs designation of Chester as lying wholly outside any growth area, it is appropriate to review generally the

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approach of the State Development Guide Plan and the role that it is to play in Mount Laurel litigation under the Supreme Court of New Jersey decision in Mount Laurel II.

Now, the first point which needs to be made about the State Development Guide Plan is that it is a planning document. It does not simply describe what is, in fact, going on in the housing market. Rather, it undertakes to describe where new housing ought to be constructed in the future.

To put this another way, it's a normative, rather than purely descriptive document.

Now, I think that this is made clear by the articulation of goals which appear, starting at page 21 of the State Development Guide Plan, and then they are identified as follows:

One. The protection of the State's air, water, wildlife, and land resources from the adverse effects of man's activities, and to correct past misuses.

Number two. Preservation of the open space necessary for a quality environment that would be adequate for the population of the state.

Number three. The maintenance of a viable agricultural economy.

Number four. The enhancement of the quality of life in urban, suburban, and rural areas, with special priority for revitalizing older urban areas.

Number five. The clustering of the settlement patterns in the state in order to promote the conservation of energy, to encourage a proper jobs-housing balance, and to foster the efficient use of the State's capital facilities, such as highways, rail lines, and sewer systems.

Number six. To provide opportunities for economic expansion and new employment in New Jersey.

And then the Plan goes on to set forth a growth management strategy to effectuate these various goals.

I think all of this indicates that it is a document that is intended to affect the course of development in this state, rather than merely to describe it.

Now, the second important point to be made by the State Development Guide Plan is that its overriding thesis is that post World War II

suburban growth has involved an undesirable degree of population dispersion, and that future growth in the state should therefore be in or immediately adjacent to areas which already have substantial development.

This thesis appears at numerous places in the State Development Guide: Plan, and one of those places being pages 24 and 25, where the Department of Community Affairs stated as follows:

"The pattern of development has an important relationship to social and economic inter-action within the state, and also to the cost of such inter-action.

"The state's growth after World War II expanded outward from the central cities along major transportation routes. This suburbanization process required major new capital facilities, such as roads, sewers, power lines, and water mains, and expanded education, health, and social services.

"The public and private investment was immense. The expansion extended into rural areas, but not uniformly, and tended to skip past many areas.

"This suburbanization process has proved to be expensive and wasteful. Facilities and service were duplicated elsewhere, while urban facilities and service declined.

"Travel shifted to the less efficient mode of automobile travel, and increased greatly due to the expanded travel distances and the disassociation of residences and jobs.

"There is a need now in New Jersey to alter this unplanned pattern of spread development. A compact development pattern for the future can serve to promote the utilization of the existing infrastructure and service systems in an economical way.

"This is especially important in an area of scarce and expensive fuels, and at a time when limited public funds are needed to restore and maintain, rather than duplicate what already exists.

"It is now suggested that a major portion of the state's development efforts should be directed to areas within and contiguous to existing development."

In Mount Laurel II the Supreme Court of New Jersey held that generally the existence of a

municipal obligation to provide a realistic opportunity for a fair share of a region's present and prospective lower income housing would be limited to municipalities which had been designated as being entirely or partly in growth areas within the State Development Guide Plan issued by the State Department of Community Affairs.

The reasons for the Supreme Court

to
assigning this significance the State Development Guide Plan in Mount Laurel litigation were
identified as several.

First, as stated at Page 215 of the opinion, "The State Development Guide Plan represents the conscious determination of the state, through the executive and legislative branches, on how hest to plan its future."

In other words, use of the designations in the State Development Guide Plan in Mount Laurel litigation puts the judiciary in the position of deferring to the extent it is now possible to legislative and executive initiatives.

It recognizes the important role of the other branches of government in this area of planning for housing in the State of New Jersey.

The second reason for the court assigning this degree of significance to the designations in the State Development Guide Plan is that doing so enables the Mount Laurel obligation to be enforced in accordance with sound planning concepts.

The prior test, that is, whether a municipality was developing, was purely reflective of what was actually going on in the market-place rather than of sound planning.

As the court pointed out at page 224 of its opinion, "The criteria will not necessarily result in the imposition of the obligation in accordance with sound planning.

"There may be areas that fit the developing description that should not yield to
inevitable future residential, commercial, and
industrial demand and growth.

"Those areas may contain prime agricultural land, open spaces and areas of scenic beauty; apart from these, their development might impose unacceptable demands on public investment to extend the infrastructure required to support such growth.

"Indeed, to some extent the very

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definition of developing suggests results that are quite the opposite of sound planning, for the whole purpose of planning is to prevent or deflect what would otherwise be inevitable."

To the same effect, the court said at page 238, "the constitution of the State of New Jersey does not require bad planning. It does not require suburban spread. It does not require rural municipalities to encourage large-scale housing developments.

"It does not require wasteful extension of roads and needless construction of sewer and water facilities for the out-migration of people from the cities and the suburbs.

"There is nothing in our constitution that says that we cannot satisfy our constitutional obligation to provide lower income housing and, at the same time, plan the future of the state intelligently."

The third purpose which the court conceived would be furthered by the use of the State

Development Guide Plan in determining which

municipalities would have a regional fair share

obligation was to simplify Mount Laurel litigation.

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At Page 214 the court said, "We hope to simplify litigation in this area. While we are not overly optimistic, we think that the remedial use of the State Development Guide Plan may achieve that purpose."

The fourth reason which the court gave for reliance upon the growth designations of the State Development Guide Plan was certainty. criticizing the developing, non-developing criteria of Mount Laurel I, the court said at page 224, "There are various drawbacks to this approach -- " again referring to the developing, non-developing municipality approach -- "to the critical question of determining the existence of the obligation.

"Uncertainty is one of them. a municipality and its governing body should know without question whether it is subject to the Mount Laurel remedy, for without that knowledge, municipalities that are borderline between developing and non-developing cannot be expected to comply with an obligation that may very well we not exist."

Although the court determined for these four reasons that the designations of munici-

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palities as growth or non-growth in the State

Development Guide Plan would ordinarily be

determinative of a municipality's obligation in

connection with the regional need for lower

income housing, it left the door open for a party

to challenge those designations on any one of

three grounds, and those grounds are set forth on

pages 240 to 241 of the opinion, and I will come

back to them in a moment.

However, the court also made it clear that the burden cast upon any party attempting to challenge the designations in the State Development Guide Plan would be an extremely heavy one.

At page 215 of the opinion the court said, "There shall be a heavy burden on any party seeking to vary the foregoing remedial consequences of the State Development Guide Plan designations."

Similarly at Pages 239 to 240 the court said, "While we believe important policy considerations are involved in our decision not to make the State Development Guide Plan conclusive, we think it even more important to point out that it will be the unusual case that concludes the locus of the Mount Laurel obligation is different

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from that found in the State Development Guide Plan."

In this case the plaintiffs have challenged the State Development Guide Plan designation of Chester as lying wholly outside any growth area on two grounds, first as being arbitary and capricious, and second on the grounds that there has been a significant transformation of Chester since the date of the State Development Guide Plan.

I conclude for reasons that I will now set forth in detail that plaintiff's proofs have fallen far short of establishing either that the non-growth designation of Chester was, when made, arbitrary and capricious or that there has been any significant transformation of Chester since the date of the State Development Guide Plan, which would make that designation inappropriate at the present time.

I will deal first of all with the claim that the State Development Guide Plan treatment of Chester was arbitrary and capricious.

The Supreme Court in Mount Laurel II discussed this ground of attack upon the State

Development Guide Plan designations as follows at Page 241 of its opinion. First of all, I'll move a page backward to page 240, where it identifies and states the exceptions as follows:

"Accepting the premises of the State
Development Guide Plan, the conclusion that the
municipality includes any growth area, or as much
growth area as is shown on the concept map, is
arbitrary and capricious, or alternatively, the
conclusion that the municipality does not contain
any growth area whatsoever is arbitrary and
capricious."

And then it goes on to discuss this test on page 241 as follows:

"The first exception recognizes the possibility of errors on the part of the planning group that prepared the State Development Guide Plan. No trial court should, however, simply substitute its judgment for the State's planners under that exception.

"Not only must the evidence show that the conclusion and the classification were arbitrary and capricious, but the party challenging the characterization must contend with the obvious fact that lines must be drawn some-

where, and that merely to show that one municipality containing a growth area is remarkably similar to a neighboring one that includes no growth area is not enough. The party must show that it was arbitrary and capricious not to place the line somewhere else."

Now, in determining whether an area should be designated as a growth area or fall within one of the non-growth designations, the State Development Guide Plan identifies five factors which favor a municipality being placed in a non-growth area, and five which favor placing it in a growth area.

These are stated initially, at least on page 28 of the State Development Guide Plan, and the five factors pointing in the direction of a non-growth designation are as follows:

Agriculturally favorable soils, public open space, steep slopes, wetlands, and water supply resources.

The five factors pointing in the direction of a growth designation are sewerage, public water supplies, highway and rail facilities, intensive employment concentrations, and development concentrations.

Now, before going through each one of these ten criteria as it relates, as they relate to the exclusion of all of Chester Township from any growth area, a few preliminary points should be made.

First of all, I note that it is plaintiff's position in this hearing not that all of Chester should be designated a growth area but, rather, that a strip running approximately one-half mile to either side of Route 206 should receive that designation. And for this reason the plaintiffs and the defense proofs do not mesh, do not correspond with each other in all instances.

To some extent the plaintiffs have presented proofs which focus on this one-half mile strip to either side of Route 206, while defendant has presented proofs which deal with the municipality as a whole.

I'm not by making this observation suggesting that there is any inadequacy in the record. Indeed, it is very full. But I do think that noting this divergence at some points in the record between the proofs presented by the plaintiff and those presented by the defendant

may help someone else who has not lived through this case grasp this record, if that day should ever come.

I also observe before leaving this subject that it would not be in any way inconsistent with the State Development Guide Plan or Mount Laurel II to designate only a part of a municipality as being in a growth area.

Indeed, there are numerous municipalities that are under the State Development Guide Plan partly growth and partly in a non-growth area.

Now, the second important preliminary point which I feel needs to be made, and it's a point that I really will come back to because it's reflected in some of the conclusions that I have reached with regard to the ten individual criteria for the growth versus non-growth designation, is that plaintiffs, at least to some extent, have sought to treat the growth and non-growth criteria contained in the State Development Guide Plan as a kind of checklist which a given municipality or part of a municipality either satisfies or does not satisfy.

However, I feel that it is clear from

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the face of the State Development Guide Plan, as well as from the testimony of Mr. Ginman, that this is an unduly simplistic view of how the ten criteria were employed in determining whether or not particular areas of the State should be designated growth areas.

It's my view that these criteria were not intended to be yes or no, all or nothing factors that are either present or not present in a given location.

much of the fact that Route 206 is referred to in a map in the State Development Guide Plan as a major highway. Whether 206 deserves that label or not, it is clear to me that some highways are more major than others.

You can't treat all, quote, major high-ways as fungible for planning purposes when some of those highways receiving that label are two lanes, some four lanes, some six and, in fact, if my recollection serves me correctly, I think parts of the New Jersey Turnpike are now twelve lanes.

All other things being equal, the proximity of a six-lane highway to a given area

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is a stronger indicia that an area is a growth area than the presence of a two-lane highway.

It is a matter of degree.

There are similar problems with the plaintiffs' treatment of the criteria of employment concentration and development concentration.

These two are obviously matters of degree.

It is evident from the maps found in the State Development Guide Plan that there are no employment or development concentrations anywhere around Chester, either in southwest Morris County or northern Somerset County that begin to reach the magnitude of those employment and development concentrations found in the counties lying to the east, for example, Essex, Hudson, and portions of Union County.

The term "in proximity to" is also a matter of degree. While in some sense one place twenty minutes away from another place may be said to be in proximity to that other place, that is not the same degree of proximity as being five minutes away, and from a planning standpoint that difference may be very important.

It also may be very important to determine what is in between the two locations

which are alleged to be in proximity to each other. Is there development in between, or is it vacant developable land, thus leading to the conclusion that those areas more proximate to, for example, a place of employment, ought to be developed in advance of an area which is less proximate?

Now, the presence of agriculturally favorable soils, public open spaces and water resources are similarly matters of degree.

Now, with these preliminary thoughts having been expressed, it is appropriate to turn to the ten criteria for the designation of areas as being growth and non-growth.

First agricultural soils. I am satisfied that there is a significant amount of agriculturally favorable soil in Chester, including the immediate area around Route 206.

I think that is shown on Plate 14 of the 1978 Chester Land Use Plan, which is D-1 in evidence.

That same document indicates that I believe approximately forty-five percent of the land in Chester is under farm land assessment, reflecting a significant commitment of lands for

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agriculturally related activities.

Now it appears that most of this farmland use is not for the growing of crops but rather for grazing and other less intensive agricultural uses.

Nonetheless, it is land that is suitable and, to some extent, applied to agricultural uses.

To some extent, at least particularly in the southwest part of the municipality, this land appears to be immediately adjacent to Route 206.

Although this agricultural use of the land is not of a character which the Department of Community Affairs felt would justify designating any part of Chester as an agricultural area, it is still one factor, that is, the availability of this agriculturally-suitable land, it is still one factor militating against government action which would encourage the development of those lands, such as the Department of Community Affairs conceived would occur as a result of a designation of an area as a growth area.

The second criteria is public open space. I'm satisfied that there's a very sig-

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Approximately twenty-five percent of the land in the municipality is public open space, and this includes Black River Wildlife Management Area, parts of Hackelbarney State Park, as well as several other open space areas.

Now, much of this land is not within one-half mile of Route 206, but it is fairly close to plaintiffs' proposed growth corridor, and I think that planners could have a legitimate concern that very intensive growth along Route 206 would have an adverse spillover effect upon such open public lands.

The third and fourth criteria relating to growth or non-growth designations are the presence of steep slopes and wetlands.

I do not consider this to be a significant factor as it relates to the non-growth designation of Chester, at least in the area of Route 206.

There are some lands with steep slopes and some wetlands in Chester; however, as indicated by Plate 18 on the 1978 municipal land use map, there also is much of the land along Route 206 which contains neither wetlands nor

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steep slopes, and it is clear that a growth designation of an area does not mean that it should all be developable.

The fifth criteria of the State

Development Guide Plan is water supply resources.

I am convinced that this factor does point in
favor of the non-growth designation of Chester.

Chester is in the upper Raritan Water Shed, which is an important water source. It also appears that much of Chester is covered by rock formations and soils which do not effectively filter out water pollutants.

Although the water supply system in the general area of Chester does not appear to be contaminated at the present time, there is a legitimate concern that substantial new development could cause pollution to the water resource of the upper Raritan water shed.

Such pollution may come about in, among other ways, from septic systems as well as storm run-off of water from developments.

The data on just how sensitive the water supply system in Chester is to pollution appears to be somewhat vague and somewhat general

Hovever, there is enough there to be

able to characterize this as a factor calling for caution in the development of the area, and it supports to some extent, although not an overwhelming consideration, the non-growth designation of Chester.

Now I should emphasize that these conservation factors which I have mentioned as supporting the non-growth designation of Chester, including the proposed 206 Corridor, that is the presence of agriculturally favorable soils and the public open space and the water supply resources are not so compelling as to mandate a non-growth designation.

Chester is not the Great Swamp. It is not the Pine Barrens or a prime agricultural site such as parts of Hunterdon County, and for this reason none of Chester was designated by the Department of Community Affairs as either agricultural or conservation area.

But while not so compelling as to mandate a non-growth designation, these three factors
do provide some amount of support for the nongrowth designation.

This then takes me to the five criteria identified in the State Development

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Guide Plan as pointing in favor of a growth designation.

First of all, transportation. There is one conclusion that emerges loud and clear to me from this record, and that is from a transportation standpoint substantial growth in the Chesters would be undesirable.

The Department of Transportation

Route 206 Corridor Study makes it clear that

Route 206 is filled to capacity in many places

at the present time and that it will become

severely overcrowded and congested during the

next few years, even if the only additional

development which occurs is that which has

already received appropriate municipal approvals.

Department of Transportation has no plans, at least through 1988, of widening Route 206 to four lanes from its present configuration, which I might note is predominantly two lanes, with a limited four-lane area through Chester Borough, and then in some locations a third lane for passing or for making left turns and what-not.

For these reasons any substantial new growth in the Chesters would only exacerbate an

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already overcrowded road system.

It is appropriate to refer back to the State Development Guide Plan's discussions of transportation. It says highway and rail systems are major public investments. The access they provide both fosters and maintains development in the state.

As a result of past investments in transportation, some areas of New Jersey are more accessible than others and are, therefore, relatively more appropriate for future growth.

So that the significance of transportation is the accessibility it provides, and if roadways are congested, they do not provide the accessibility they would provide if they were not congested.

Now, if the Department of Transportation in its 206 Corridor study had rejected the State Development Guide Plan and said that it was going to widen Route 206 regardless of what the State Development Guide Plan said, that might point in the direction of concluding that this was a major highway that would continue to provide good access through the Chesters.

However, the whole thrust of the

Department of Transportation Study is one of accepting the State Development Guide Plan. As a matter of fact, at one point they explicitly take note of it and seemed to me to be saying they're accepting it, and to express the conclusion that 206 will not be widened in the immediate future, that is, at least through 1988, and that for that reason means of either limiting growth or channeling growth must be explored as actively as possible.

The report also makes clear, however, that even if all of those efforts at limiting growth or channeling growth are successful, Route 206 is going to become increasingly more congested through the end of the present decade.

So I agree with Mr. Ginman's conclusion that the Department of Transportation 206 Corridor Study strengthens rather than weakens the Department of Community Affairs' conclusion that Chester, that the Chesters should be excluded from any growth area.

I am, of course, fully aware that defendants' expert, Mr. Kasler, took a different view of this more favorable to the plaintiffs.

All I can is that I disagree with him, and I

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agree with Mr. Ginman.

Now, the availability of mass transportation, apart from the Route 206 situation, would be a factor favoring the designation of Chester as a growth area.

The record indicates that there are trains available out of Netcong, I believe it was, to the north, and Peapack-Gladstone to the south, although I note that the only way to get there is to go either up or down Route 206, which involves all the problems that I have already discussed.

The record also indicates that busses are available along Route 24 heading to the east, Morristown and New York, and I guess to the west, to the Long Valley Section of Washington Township.

The record does not indicate the schedule or frequency of use of these mass transportation facilities, and, in any event, it appears undisputed that whatever may be the use of these mass transportation facilities, that the majority of the residents would have to use their They certainly would have cars to get to work. to use their cars to get to Roxbury and Mount Olive and Bedminster and Bridgewater and Bernards

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Township and Basking Ridge and the other emerging employment areas that we have heard so much about during this trial.

That, necessarily, would mean additional traffic on Route 206, which, absent widening, cannot handle that additional load without severe congestion.

So the congestion problem of 206 is the key transportation factor as far as I'm concerned, and it supports the non-growth designation of Chester Township by the Department of Community Affairs.

Now, the sixth and seventh criteria identified by the Department of Community Affairs favoring a growth designation are the availability of public water and public sewerage services.

chester does not have public sewerage services, at least for residences. I think the record indicated that there was some package plants for a couple of shopping centers, and maybe one other commercial facility. And the only public water supply it has services a handful of residents along one street near the southern border of the municipality adjoining the Peapack-Gladstone area.

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So there is a basic absence of these public services; and then, therefore, an absence of these two factors that, if present, would support a growth designation.

Now, plaintiffs essentially seek to discount the significance of these two criteria by urging that water and sewerage facilities could be constructed or could be extended.

However, the same could be said about various other areas which now do not have public sewerage or public water.

The Department of Community Affairs identified this as a relevant factor in determining whether an area should be designated a growth area, and the supreme court in Mount Laurel II has said that the premises of the State Development Guide Plan must be accepted in determining whether the determination of a particular area is arbitrary and capricious.

I also would note that the extension of water and sewer lines into Chester, or the construction of new facilities are precisely the type of investment in new infra-structure which the court said, by its raliance upon the State Development Guida Plan, should not occur in

limited growth areas.

I also would note the significant relationship between the absence of public sewerage system and the conservation criteria. I have discussed before of protection of water resources.

The septic systems which now service the township and which at least as far as can now be foreseen will continue to service any new development that may occur there do pose a threat of some magnitude to the water aquifer.

Now, the eighth criteria is location within or proximity to concentrations of employment.

Chester Township itself clearly does not have a concentration of employment. The available statistics show less than a thousand jobs in Chester Township for a 28.9 square mile area.

That is a small employment base, whether viewed in terms of the absolute number or in terms of employment density per square mile.

Chaster Borough, which the Township surrounds, has a much higher number of employment

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positions per square mile. However, the total number of employment positions, even in the borough, is relatively small. It is slightly over a thousand. And I don't think that the borough can be characterized as a concentration of employment either.

Likewise, the Flanders area of Mount
Olive immediately to the north and with one
exception I'll mention in a moment, the PeapackGladstone, Far Hills area to the south, do not
contain concentrations of employment.

The one exception, the one employment concentration fairly nearby is that represented by the Beneficial Complex in -- and if my recollection is correct, it's partly in Peapack and partly in Gladstone, and it may be partly in a third municipality. And that complex has, as the record indicates, somewhere between two thousand and three thousand employees. That is a substantial amount of employment.

However, this does not lead to the conclusion that growth ought to be encouraged or is inevitable in every direction emanating outward from this employment complex.

The planners at the Department of
Community Affairs made the planning judgment that
to the extent the presence of the Beneficial
Complex might serve as a catalyst for future
growth in the area, that that growth should and
could be channeled to the south towards Route 78
and other significant employment locations and
existing areas of significant residential
development, and also possessing some additional
amount of infra-structure rather than being
channeled toward the Chesters.

I can find nothing arbitrary about that planning judgment. Indeed, it is consistent with the overall goal of the State Development Guide Plan of channeling new growth so as to in-fill between existing areas of development rather than to have new growth sprawl in an outward direction that would require costly new infrastructure construction.

Of course, that costly new infrastructure construction, when we're talking about the Chesters, includes not only the water and sewerage facilities, but I think most importantly of all, the need that would be intensified for the expansion, the widening of Route 206.

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Plaintiffs also seem to take the position that even apart from the employment provided by the Beneficial Complex, that Chester should be considered to be in proximity to the employment concentrations found in Bedminster and Bridgewater to the south and the free trade zone of Mount Olive and Roxbury to the north because all of these locations are within twenty to twenty-five minutes' driving time of Chester Center, and somewhere in that magnitude, twenty, twenty-five minutes, is the statewide average commuting time and is a time that is generally considered by most workers to be an acceptable commuting time.

Now, acceptance of this theory, this proposition, would completely undermine one of the basic goals of the State Development Guide Plan, and that is to cluster new development near to existing developed areas so as to foster the efficient use of the State's infra-structure, and to minimize the need for investment in substantial infra-structure.

If this approach to defining proximity to employment concentrations were accepted, the Rockaway and Clinton corridors would probably have to be extended all the way to the Pennsyl-

vania border because I am confident that a person can go from the Pennsylvania border along Route 78 or Route 80 to places of substantial employment within twenty-five minutes.

So I completely reject this approach to determining proximity to a concentration of employment.

land for residential development, and there seems to be plenty of such land, both to the north and south of Chester, it is in my judgment not arbitrary and capricious for the state government, that is through its planning arm, the Department of Community Affairs, to undertake to channel new development to areas much closer than twenty-five minutes' travel time to employment concentrations.

The tenth and final criteria articulated in the State Development Guide Plan is proximity to existing development.

It is clear to me that Chester is not located within or in close proximity to existing development concentrations. Indeed, I think it should be said that southwest Morris County and northern Somerset County are relatively undevel-

oped in their entirety.

Even those municipalities which have undergone substantial growth, such as Bridge-water and Bedminster, are relatively undeveloped compared with what exists in Essex and Hudson and Union Counties, and even parts of Morris County such as Morristown or Parsippany area.

This relatively undeveloped state is also reflected in a relatively poor infrastructure.

The situation also poses the danger of suburban sprawl in its most acute form. Put another way, since the overall area is not yet that heavily developed, there is still ample developable land immediately adjoining the relatively more developed areas along Routes 78 and 80 for the Department of Community Affairs to have rationally concluded that further growth should be channeled along those two corridors.

To a substantial extent the plaintiffs' attack upon the non-growth designation of Chester during this trial has been based upon a comparison of the growth characteristics of Chester with those of other communities or parts of communi-

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ties immediately to the south and to the north,
Peapack-Gladstone, Far Hills, Pluckemin,
Flanders.

This form of challenge to the State

Development Guide Plan flies directly in the face
of the Supreme Court's admonition in Mount

Laurel II, and again I'm quoting part of the
same excerpt that I previously quoted from

Page 241.

"Merely to show that one municipality containing a growth area is remarkably similar to a neighboring one that includes no growth area is not enough."

In any event, there are differences on the one hand between Chester, and on the other hand Flanders, Peapack-Gladstone, Far Hills, and the other communities mentioned by plaintiffs.

Most important of these differences is that Flanders, Peapack-Gladstone, Far Hills, the others, are closer to the emerging employment and population centers of Bridgewater, Bedminster to the south, and the free trade zone of Mount Olive and Roxbury to the north.

They are also closer to the interstates, 80 and 78, which provide the most convenient

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access to the built-up counties to the

Also, Peapack-Gladstone is itself the home of a major corporate employer, Beneficial, which as I have said before has somewhere in the order of two to three thousand employees.

Now if, hypothetically, Chester and certain of the other municipalities mentioned,

Far Hills, Pluckemin, Flanders, could be isolated from their surrounding areas, and if they could, for example, each one be plucked out and stuck in different places in the middle of the desert in Nevada, one properly might say a Chester possesses more growth characteristics than, for example, a Pluckemin or a Far Hills or Flanders.

However, this is not what the State

Development Guide Plan is all about. The

Department of Community Affairs did not view

individual municipalities in isolation. Indeed,

it did not look at municipal boundaries at all.

And when viewed in terms of their relationships to immediately surrounding areas, the designations of these other municipalities take on a different complexion. They are, all of them, closer to the main parts of the two corridors, that is, Route 78 and 80, than are

Chester.

And then Peapack, Far Hills, for example are directly in between the employment concentration found at the Beneficial Complex in Peapack-Gladstone and the emerging employment and residential development areas of Bedminster, Bridgewater, and Bernards Township. Flanders is close to the free trade zone of Mount Olive as well as the developing areas of Roxbury to the east along Route 80.

And viewed in this light, there is nothing irrational, arbitrary, or capricious about the Department of Community Affairs having drawn the growth areas where they did to include Peapack-Gladstone, Far Hills, Flanders, while excluding the Chesters.

Another primary line of attack by the plaintiffs upon the designations of the State Development Guide Plan was their argument that the limited growth designation of Chester by the Department of Community Affairs is inconsistent with the treatment of Chester by other planning agencies, that is, Morris County Planning Board, Tri-State, and the State Department of Transportation.

that would not be sufficient to demonstrate that the State Development Guide Plan was arbitrary and capricious. It would merely show that another group of planners employed by other government agencies had come to a different conclusion, and we are dealing in that case with Judgment calls about which different planners may reach different conclusions without any of them being arbitrary and capricious.

In any event, while there is some difference in form of presentation, and to some extent characterization, I'm satisfied that there is no basic inconsistency in the four planning documents.

Neither Morris County Planning Board, Tri-State, nor the Department of Transportation has said that growth should be encouraged in the Chesters. They have all said or implied that it should be discouraged to the extent feasible.

All that the other agencies have said was that to the extent development does occur in the Chesters, it should be channeled into relatively high density developments close to the Chester Center, and also that multi-use develop-

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ments should be pursued where feasible.

This is not inconsistent with the limited growth designation of Chester. The limited growth under the State Development Guide Plan does not mean no development or, for that matter, no high density development whatsoever.

Mr. Ginman specifically stated that the Department of Community Affairs anticipated that there would be small nodes of development in limited growth areas, and that it was not the intention of the Department of Community Affairs to prevent such developments, but rather simply to avoid stimulating them by allocating state resources to such, what he calls small nodes of development.

The most basic disagreement in this case between, on the one hand, plaintiffs' experts, Mr. Hintz and Mr. Moskowitz, and on the other hand, Mr. Ginman and defendants' expert, Mr. Coppola, was philosophical. They all recognized that there is substantial development occurring in areas which are not that far from Chester, the Beneficial Complex in Peapack-Gladstone, the free trade zone in Mount Olive, the A T & T complexes in Bedminster and Bernards

Township, and the Allen Dean project, I believe located in Bridgewater, and the development in Roxbury.

I did not understand, and perhaps I misconstrued, but I did not understand Mr. Hintz or Mr. Moskowitz to take serious issue with the Department of Community Affairs' conclusion that it would be desirable, if feasible, to prevent this substantial development from extending along Route 206 through the Chesters.

However, their philosophical dispute with Mr. Ginman is that they do not think a limited growth policy can work. They feel that the growth pressures in this area are so strong that substantial new development will occur in the Chesters, regardless of what policies the State may adopt, and that a limited growth policy will not in fact limit growth but rather will cause that growth to be less desirable from a planning standpoint than if the inevitability of substantial growth were recognized and efforts were made to channel it in a more desirable fashion.

When I say to channel it, I mean to encourage higher density housing and multi-use

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developments rather than detached single-family houses on large lots.

I'm not going to address this philosophical or planning dispute because it is
unnecessary to do so. The supreme court assigned
determinative significance to the State Development Guide Plan in Mount Laurel II in large part
because it wanted to avoid lengthy trials in which
planning experts debated whether or not an area
was developing.

I read from that part of the opinion that they do not intend me to make a de novo determination as to which group of experts have the better of the argument from a planning standpoint as to whether an area is growth or non-growth, but simply to make the determination whether the planning determinations by the state government are arbitrary and capricious.

Perhaps Mr. Ginman and Mr. Coppola will turn out to be correct that substantial growth in the Chesters can be discouraged.

Perhaps Mr. Moskowitz and Mr. Hintz will turn out to be correct in their view that substantial growth is inevitable and that the limited growth designation of Chester will only

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make that growth worse. Only time will tell which of the two sets of experts are correct.

However, all I need decide in this case is that the Department of Community Affairs' view is not arbitrary and capricious, and there is more than sufficient in the record from the testimony of Mr. Ginman, Mr. Coppola, and Mr. Keane to support the rationality of this conclusion.

This then takes me to the question of whether there has been a substantial transformation of Chester since the date of the State Development Guide Plan, which has rendered its non-growth designation inappropriate.

The circumstances which would allow a departure from use of the State Development Guide Plan due to a substantial transformation of a municipality are set forth at Page 242 of the Mount Laurel opinion. Actually, it starts at the bottom of Page 241 and goes to the top of Page 242 and reads as follows:

"The second exception, however, requires proof of substantial change. who prepared the SDGP and the concept map obviously realized that conditions would change

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after its publication, that planning is a dynamic process, and that plans like the SDGP must remain current.

"Changes, therefore, sufficient to warrant reclassification of a municipality in whole or in part should be addressed not by the court but by the Division when it revises the SDGP.

"The second exception, however, recog-, nizes the possibility that prior, to such a revision, a municipality may change sufficiently so that it is imappropriate to retain its present SDGP classification.

ally rerai changes only to the extent of an added industrial use and a fairly large residential subdivision, that might or might not constitute a substantial change; depending on all of the circumstances; if in addition there was further development of its infra-structure and several new substantial places of work and residential subdivisions, that immicipality's SDGP classification should probably be changed."

Now, a threshold issue in connection of the substantial transformation claim of

plaintiffs is what date to use in determining whether there has been a substantial transformation.

The State Development Guide Plan is dated May 1980. That is the date on the cover. However, plaintiffs argue that the concept maps were prepared at some earlier date and that substantial transformation should be judged from that earlier date.

In support of this argument, the plaintiffs rely upon the court's initial statement of the significant transformation exception, and that states as follows:

"Since the preparation of the concept map or any revision thereof, the municipality has undergone a significant transformation that renders the SDGP's characterization of it inappropriate, admitting that at the time of the preparation of the SDGP and the concept map, or any revision thereof, the classification of the municipality was correct."

I would note that the court on the following page refers to the publication of the State Development Guide Plan rather than the preparation or revision of the concept map. And

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I suppose that it can be argued from that that the court did not envision any distinction between promulgation of the State Development Guide Plan and preparation of the concept maps; and, therefore, that the May 1980 date should be used to determine substantial transformation claims without undertaking any factual inquiry as to shen the concept map was prepared.

While that approach would be easier,

I cannot conclude that the court's reference to

the date of preparation of the concept map or

any revision thereof was inadvertent.

The court had the State Development Guide Plan. It knew that the date, May 1980, appears on the cover, and it would have been simple enough for the court simply to have referred to that date if that was what it intended.

Therefore, I am satisfied that I must determine factually when the concept map was prepared or revised.

It also might be argued, I suppose, that preparation of the map must refer to its initial preparation back, it appears from the record, in 1975 or 1976, and that revision can

only refer to an actual change in the map.

However, I think that would be an unduly literal reading of the phrase, "preparation or revision of the concept map".

I think the more sensible reading is to take that phrase as referring to the point in time when the Department of Community Affairs completed its review of the criteria pertinent to the concept map and made its final determinations as to what form that map would take.

That point would be when the Department of Community Affairs ceased gathering data and, as I say, made its final decisions as to the form the map would take.

It is clear from the testimony of Mr. Ginman and the documents that he brought to court marked C-2, C-3, and C-4, that the process of updating and reviewing the concept maps as they pertain to Morris and Somerset County continued at least through the fall of 1975, that is, at least up until approximately eight months before the State Development Guide Plan was officially promulgated.

I am satisfied from Mr. Ginman's testimony that while the Department of Community

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Affairs in devising the concept maps started with the 1971 aerial photography of the state as reflected in the 1972 developed areas map contained in the State Development Guide Plan, that it continuously updated that information through its own review of applications for large developments, I believe by statute at least fifty acres and up, by information it received from the County Planning Boards, and also by information it received from other interested parties, such as environmental groups and business groups.

Now I find, based upon all of this evidence, that the process of preparation and revision of the concept map in southwest Morris County, northern Somerset County, continue, as I said before, at least through the fall of 1979.

There is no need to be more precise as to the date to decide the significant transformation issue in this particular case.

Now I think there was a particular irony in the plaintiffs in this case arguing that the concept maps were actually prepared in 1971 or 1972. That's the date when the aerial photographs were taken.

The plaintiffs, in challenging the State

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Development Guide Plan designation of Chester as arbitrary and capricious relied primarily upon the existence of the extensions of the Rockaway and Clinton corridors up and down Route 206, and these extensions it is clear were not made until 1979, and they were made as a result of substantial additional information provided to the Department of Community Affairs subsequent to the initial circulation of the preliminary draft of the State Development Guide Plan in 1977.

I can think of than these two extensions, these two rather significant changes in the State

Development Guide Plan that the Department of

Community Affairs did not simply use the results

of the 1971 aerial photographs in determining its

determination of parts of the state as growth and

non-growth, but rather gathered substantial additional information concerning the characteristics of different parts of the state during the

following eight years.

Now using late 1979 as the base, it is clear that there has been no significant transformation of Chester. Indeed, the record indicates that there are only fifty-three building

permits issued over the entire period of 1980 through 1982. That is less than twenty a year.

There's no indication of any substantial new developments, such as a major commercial development or large residential subdivision.

As far as the record discloses, these appear to be fifty-three single-family houses. Furthermore, assuming that it is appropriate to look outside of Chester Township to determine the occurrence of a significant transformation of an area, and nothing in Mount Laurel II suggests that it is appropriate to do this, there is nothing which was unanticipated in 1980 that has occurred in the immediately surrounding area.

Mr. Ginman testified that Beneficial, the construction of the Beneficial Complex was anticipated prior to the promulgation of the State Development Guide Plan in 1980, and I find that credible.

Indeed, it has to have been because the only logical explanation for -- and Mr. Ginman testified that it was the reason for extending the 206 Corridor up from the Bedminster area as far north as Peapack-Gladstone.

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I would note that there has been no significant new development in Chester Borough since the fall of 1979. The gross receipts of merchants there may be up slightly, but that's not what the supreme court had in mind by substantial development.

So I'm satisfied for all these reasons that the State Development Guide Plan of Chester as a non-growth area is not arbitrary and capricious, was not arbitrary and capricious in 1979, and that there has been no substantial transformation of Chester since that date which would make that designation inappropriate as of the present time.

Now there are a few final comments that I would like to make in closing or before closing. First of all, I have reached my conclusions concerning the appropriateness of the State Development Guide Plan designations of Chester wholly without regard for what the supreme court had to say about Chester in the Caputo case, and specifically that's at pages 309 to 316 of the Mount Laurel II opinion.

However, the fact that the supreme court looked at many of the same circumstances as

have been developed at this trial and came to the conclusion that the limited growth designation of Chester seemed to be appropriate only serves to confirm the correctness of the decision that I would have arrived at in any event.

Second of all, I think it should be stressed that the supreme court decided in Mount Laurel II to make the State Development Guide Plan determinative ordinarily of the existence on the part of a municipality of an obligation for the regional need for lower income housing.

at the outset of this opinion, respect for the other branches of government, and the fact that the State Development Guide Plan is not simply the view of a planner, but it is an official planning document of the executive branch of government issued pursuant to legislative authorization; and also in order for there to be certainty so that everyone would know what municipalities are within this obligation, which are not, and also hopefully to simplify Mount Laurel litigation.

While the supreme court left the door open for challenges to the Department of Commun-

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ity Affairs' designations, I am convinced from the opinion that it intended to leave that door open only to a very slight degree. Any other view would seriously undermine those objectives the court was seeking to achieve by the use of the State Development Guide Plan in this type of litigation.

It expressed this intent of leaving the door open to challenges to the State Development Guide Plan only to a very slight degree in a number of ways.

It said that any party attempting to challenge the State Development Guide Plan would have a heavy burden. It said that it would be an unusual case where such a challenge would be successful, and it made the applicable standard one of arbitrariness and capriciousness, which is a common standard in the land use area, but one which is hard to meet and seldom is met.

Although the hearing on this challenge to the State Development Guide Plan took nine days, the plaintiffs' proofs in my judgment fell far short of demonstrating that this was the unusual case where the Department of Community Affairs' concept maps were arbitrary and

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capricious.

I am not critizing anyone for having mounted this challenge to the State Development Guide Plan designation. I know there's a certain tendency on the part of the litigants to view their case as the unusual case.

At the same time I am cognizant of the fact that both counsel and litigants in this case are also involved in other Mount Laurel cases, and I want the message to get out loud and clear that the intent of the supreme court in its Mount Laurel II opinion was to have the State Development Guide Plan being controlling, except in the most unusual of circumstances, and that those of us with responsibility for hearing these cases will follow that mandate of the supreme court.

One further final comment that I would like to make, and I make it in order to avoid any possible misinterpretation of this opinion at some later date, and that is that all I have held in this opinion is that the State Development Guida Plan designation of Chester Township as a limited growth area was not arbitrary or capricious, and that there has been no significant transformation of Chester since the fall of 1979.

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Nothing in this opinion should be taken as dictating or even suggesting how Chester Township should be designated by the Department of Community Affairs if and when it re-does the concept maps.

As I have said before, Mr. Moskowitz and Mr. Hintz argue that substantial growth in the Chesters is inevitable, and that growth would be more consistent with sound planning if Chester were designated as a growth area, and high density and mixed use development were encouraged by the designation as I have said before of this being a growth area.

view expressed by Mr. Moskowitz and Mr. Hintz is an irrational or arbitrary or capricious view, and I don't want anything I have said in this opinion to be taken at some later point as an expression of a view on the part of the court that that point of view, the Hintz and Moskowitz point of view, should be summarily rejected in any redoing of the State Development Guide Plan or that whatever development may occur or may have occurred between the fall of 1979 and whenever the State Development Guide Plan may be redone

should not tip the balance in favor of redesignating just Chester as a growth area.

These are all judgments, all questions within the planning judgment of the Department of Community Affairs Planners to determine.

Now, by the same token, if the State

Development Guide Plan is not updated, and the
third exception to the use of the State Development Guide Plan designations comes into play, as
it would on January 1 of 1985, according to the
Mount Laurel II opinion, the decision here should
not be construed by anyone in the future as foreordaining how that new challenge to the State

Development Guide Plan designations should come
out.

Mount Laurel II that there would be considerably more room for challenges to the designations of the State Development Guide Plan as of January 1, 1985 if the document is not updated by that time, and specifically the court said at page 242 of its opinion— if my voice holds out—"The third exception recognizes that if the planning process does not remain a continuing one, the

categories set forth in the SDGP might become unrealistic and certainly would lose a considerable degree of their legitimacy.

"It is one thing for a court to defer to the judgment of planners, even where it disagrees; it is another to defer to a document that is clearly out of date where deferral might frustrate a constitutional obligation.

"In order for it to remain a viable remedial standard, we believe that the SDGP should be revised no later than January 1, 1985. If it is not, then courts shall have considerable discretion to vary the locus of the Mount Laurel obligation from that shown on the present SDGP concept map."

We are not, of course, at that point; but I want to make it clear that I am deciding just this case and just the issue before me, and nothing that I have said today should be in any way taken to control anyone's future actions, whether they be future actions of the Department of Community Affairs in revising the State Development Guide Plan, or actions of some future court hearing a post-January 1, 1985 challenge to the designations of the State

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Development Guide Plan.

Mr. Hall, would you submit an order.

MR. HALL: Surely.

THE COURT: Please.

And, Mr. Vogel, could you get me out a letter within a week or so telling me where the case stands and where your preparation for further proceedings stand, and if you could get me a response within a week or so after that, Mr. Hall, and then we can plan to confer once I have both of those letters in hand.

CERTIFICATE

I, STANLEY GRABON, an official court reporter and notary public of the state of New Jersey do hereby certify that the foregoing is a true and accurate transcript of proceedings as reported stenographically by me at the time and place aforementioned.

Stanley Grabon, CSR
Official Court Reporter