

COMMUNITY AFFAIRS

LOCAL PLANNING SERVICES

Administration of the Main Street New Jersey Program

Proposed New Rules: N.J.A.C. 5:103

Authorized By: Lt. Governor Sheila Oliver, Commissioner, New Jersey Department of Community Affairs.

Authority: N.J.S.A. 52:27D-452 et seq.

Calendar Reference: See Summary below for explanation of exception to calendar requirement.

Proposal Number: PRN 2019-035.

Submit comments by May 17, 2019, electronically to Geraldine.Callahan@dca.nj.gov. Each comment should be identified by the applicable N.J.A.C. citation and include “Main Street New Jersey Comments” in the subject line. The Department encourages electronic submittal of comments. In the alternative, comments may be submitted on paper to:

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The agency proposal follows:

Summary

These rules are proposed by the Department of Community Affairs (Department) to implement N.J.S.A. 52:27D-452 et seq., which put a statutory footing under a 1989 program initiative that has actively supported historical and traditional community business districts for nearly 30 years. The statute sets forth the duties and responsibilities of the Department in administering the Main Street New Jersey (MSNJ) program. N.J.S.A. 52:27D-453 requires the Commissioner of the Department to adopt rules and regulations governing the qualifications of applicants, the application procedures and the criteria for providing assistance under the MSNJ program. For many years, the program operated solely under the statute. It was defunded in 2016, but was given an appropriation in the fiscal year 2019 budget. With this revitalization, the Department has determined to create, through rulemaking, a clear, straightforward process by which municipalities throughout New Jersey may participate in and benefit from the MSNJ program. A summary of the proposed new rules follows:

Proposed new N.J.A.C. 5:103-1.1 sets forth the purpose of the rules, which is to establish criteria for designation and administration of the MSNJ program.

Proposed new N.J.A.C. 5:103-1.2 specifies that the proposed rules apply to services provided to local business people with the goal of fostering public and private reinvestment in mixed-use commercial downtowns.

Proposed new N.J.A.C. 5:103-1.3 sets forth definitions for specific words and terms used in the proposed new rules.

Proposed new N.J.A.C. 5:103-2.1 describes the MSNJ program, specifically that it promotes historic preservation and economic redevelopment of traditional business districts in New Jersey by providing training and technical assistance to designated MSNJ districts, with the goal of strengthening the existing tax base, increasing sales, creating a positive community image,

ensuring the viability of downtown buildings, attracting new businesses, creating new jobs, increasing investment in the downtown, and preserving historic architectural resources.

Proposed new N.J.A.C. 5:103-2.2 establishes a process for MSNJ applicant eligibility criteria. Districts formally designated as an MSNJ district that have maintained accreditation through the National Main Street Center's Main Street America® program simply must execute a Letter of agreement with the Department to be designated as an MSNJ community pursuant to this chapter. All other applicants must comply with the requirements in N.J.A.C. 5:103-2.3.

Proposed new N.J.A.C. 5:103-2.3 establishes application submission requirements for new MSNJ Districts.

Proposed new N.J.A.C. 5:103-2.4 establishes standards for the Department's review of MSNJ applications.

Proposed new N.J.A.C. 5:103-3.1 describes the assistance to be provided to MSNJ districts under the proposed MSNJ rules.

Proposed new N.J.A.C. 5:103-3.2 sets forth the ongoing responsibilities of an MSNJ district.

Proposed new N.J.A.C. 5:103-4.1 describes grant funding available to MSNJ districts for operational support and physical improvements.

Proposed new N.J.A.C. 5:103-4.2 sets forth the types of activities eligible to receive funding under the proposed rules and requirements attached to funding.

Proposed new N.J.A.C. 5:103-4.3 sets forth funding criteria for operational and physical improvement grants.

As the Department has provided a 60-day comment period on this notice of proposal, this notice is excepted from the 60-day comment period pursuant to N.J.A.C. 1:30-3.3(a)5.

Social Impact

Municipalities will benefit from rules that provide a clear process to be used by the Department to manage the program. Municipalities that meet the established criteria and become participating MSNJ districts are more likely to experience public and private reinvestment.

Economic Impact

The Department does not anticipate that the proposed new rules will have any adverse economic impact. It is expected that the proposed rules will benefit the local downtown economy of participating municipalities through increased consumer spending in retail and restaurant establishments.

Federal Standards Statement

A Federal standards analysis is not required because the proposed new rules are not proposed to implement, comply with, or participate in any program established under Federal law or under a State law that incorporates or refers to Federal law, standards, or requirements.

Jobs Impact

To the extent that the proposed new rules facilitate the implementation of physical improvement, building projects, current business expansion, and new business recruitment in mixed-use commercial districts and downtowns, additional construction- and small-business-related jobs are likely to be created.

Agriculture Industry Impact

The Department does not anticipate that the proposed new rules will result in any impact on the agricultural industry in New Jersey.

Regulatory Flexibility Statement

The proposed new rules do not impose any new reporting, recordkeeping, or compliance requirements on small businesses as defined in the Regulatory Flexibility Act, N.J.S.A. 52:14B-

16 et seq. The proposed new rules create a process by which qualified municipalities throughout New Jersey may participate in and benefit from the MSNJ program.

Housing Affordability Impact Analysis

The proposed new rules create a process by which qualified municipalities throughout New Jersey may participate in and benefit from the MSNJ program. The Department does not anticipate that the proposed rules will have any impact on the average costs of housing or housing affordability in the State.

Smart Growth Development Impact Analysis

The proposed new rules create a process by which qualified municipalities throughout New Jersey may participate in and benefit from the MSNJ program. The Department finds that the proposed amendments would have an insignificant impact upon smart growth development because there is an extreme unlikelihood that the rulemaking would evoke a change in the housing production within Planning Areas 1 or 2, or within designated centers, under the State Development and Redevelopment Plan.

Racial and Ethnic Community Criminal Justice and Public Safety Impact

The proposed new rules will not have an impact on pretrial detention, sentencing, probation, or parole policies concerning adults and juveniles in the State. Accordingly, no further analysis is required.

Full text of the proposed new rules follows:

CHAPTER 103

ADMINISTRATION OF THE MAIN STREET NEW JERSEY PROGRAM

SUBCHAPTER 1. GENERAL PROVISIONS

5:103-1.1 Purpose

The purpose of this chapter is to establish criteria for the designation of local downtown areas as Main Street New Jersey (MSNJ) districts and administration of the Main Street New Jersey Program authorized by N.J.S.A. 52:27D-452 et seq.

5:103-1.2 Applicability

(a) The MSNJ program seeks to support municipalities who are working with owners of small businesses and entrepreneurs to foster public and private reinvestment in managed mixed-use commercial districts operating in historic New Jersey downtowns. It does so through the criteria evaluation and designation process set forth in this chapter.

(b) With certain exceptions set forth at N.J.A.C. 5:103-3.1(c), only MSNJ district management organizations designated in accordance with this chapter are eligible to receive training and technical assistance through MSNJ.

5:103-1.3 Definitions

The following words and terms as used in this chapter shall have the following meanings unless context clearly indicates otherwise.

“Assistance” means the provision of technical support and training to MSNJ district management organizations, their staff and volunteers, and/or business and property owners who are implementing the purposes of the MSNJ program in that district.

“Award” means the dollar amount of an approved MSNJ grant.

“Awardee” means the eligible organization that is receiving an MSNJ grant.

“Commercial district” means part of a city or town where the primary land use is for commercial activities, for example, shops, offices, theaters, or restaurants.

“Commissioner” means the Commissioner of the New Jersey Department of Community Affairs and shall include any staff member authorized by the Commissioner to act on his or her behalf with respect to any matter contained within this chapter.

“Department” means the New Jersey Department of Community Affairs.

“Design assistance program” means a program that provides guidance and/or funding to encourage building renovation or rehabilitation consistent with the recommended treatments described in the Secretary of the Interior’s Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings of historic properties in an MSNJ district.

“District management corporation” means an entity created by municipal ordinance or incorporated pursuant to Title 15A of the New Jersey Statutes and designated by municipal ordinance to receive funds collected by a special assessment within an improvement district, as authorized by P.L. 1998, c. 115 (N.J.S.A. 40:56-71.3), as amended.

“Downtown commercial district” means the specific geography, defined by property parcels, identified as a proposed area for the operation of an MSNJ district management organization.

“Eligible organization” means a recognized 501(c)(3), (c)(4), or (c)(6) organization with the primary mission of revitalizing a commercial district with at least one representative of the municipal governing body or staff serving on the board of directors.

“Grant” means financial contribution from the Department that aids the purposes of eligible projects under the MSNJ grant rules and implements the purposes of the MSNJ program.

“Letter of agreement” means a document prepared, and signed by, the Department, and also signed by the MSNJ district management organization, and the mayor of the municipality in which the MSNJ district management organization operates. This document defines and delineates

the roles and responsibilities related to being part of the MSNJ program. “Leverage” means the specific amount of non-MSNJ-grant funds listed in the application for implementation of a qualified project and is synonymous with “matching funds.”

“MSNJ Design Guidelines for Facades and Storefronts” means the document created by the MSNJ program that serves as the MSNJ minimum standard for improvements to, and construction of, facades and storefronts in an MSNJ district. Use of these standards is required for any project funded all, or in part, through the MSNJ program. “MSNJ district” means the specific geography defined by property parcels that is designated by the Department through the MSNJ program.

“MSNJ district management organization” or “district management organization” means an organization designated to be part of the MSNJ program by the Department.

“MSNJ placemaking project criteria” means the document created by the MSNJ program that serves as the MSNJ minimum standard for placemaking projects in the public realm in an MSNJ district. Use of these criteria is required for any project funded all, or in part, through the MSNJ program.

“MSNJ Return on Investment (ROI) and Reinvestment Reports” means the forms through which the MSNJ program collects key data regarding the changes to the economic, placemaking, social, and civic value of both the MSNJ district and the MSNJ district management organization.

“National Main Street Center” means the organization that coordinates the Main Street America® program and brand as an independent subsidiary of the National Trust for Historic Preservation.

“Placemaking” means a multi-faceted approach to the planning, design, and management of public spaces. Placemaking capitalizes on a local community's assets, inspiration, and potential,

with the intention of creating public spaces that promote health, happiness, and well-being while fostering local economic development.

“Transformation strategies” means focused, deliberate paths to revitalizing or strengthening a downtown or commercial district’s economy. An effective transformation strategy serves a customer segment, responds to an underserved market demand, or creates a differentiated destination. The National Main Street Center has created a methodology to assist communities in creating transformation strategies.

“Workplan” means a comprehensive annual plan that sets forth the program details of an MSNJ district’s transformation strategies including: goals, responsible parties, timelines, budget costs, revenues, staff time, volunteer time, and partners.

SUBCHAPTER 2. APPLICATION AND DESIGNATION REQUIREMENTS

5:103-2.1 Program description

(a) The MSNJ program promotes the historic and economic redevelopment of traditional business districts in New Jersey by providing training and technical assistance to designated MSNJ districts. The purpose of the program is to assist the development of preservation-based downtown revitalization initiatives including strengthening the existing tax base, increasing sales, creating a positive community image with attractive and viable downtown buildings, attracting new businesses, creating new jobs, increasing investment in the downtown, and preserving historic architectural resources.

(b) Districts are designated for participation in the MSNJ program through the process set forth in this subchapter. Once designated, an MSNJ district management organization is eligible to

receive training and technical assistance as described in N.J.A.C. 5:103-3 and grants as described in N.J.A.C. 5:103-4.

5:103-2.2 Applicant eligibility criteria

(a) An applicant for a district that was formerly designated an MSNJ district and currently is accredited through the National Main Street Center's Main Street America® process prior to (the effective date of this chapter), shall execute a Letter of agreement with MSNJ for designation as an MSNJ district.

(b) An applicant not subject to (a) above shall be an eligible organization that manages a defined downtown commercial district; a redevelopment agency that has been established by the municipal governing body pursuant to N.J.S.A. 40A:12A-11, or a district management corporation created to oversee an Improvement District pursuant to N.J.S.A. 40:56-65 et seq.

5:103-2.3 Application submission requirements

(a) To apply for designation as an MSNJ district, an eligible organization, with municipal support codified by a resolution of the governing body, must complete and apply in a form provided by the Department. MSNJ districts shall be evaluated through a competitive process.

(b) The applicant shall include the following information in its MSNJ application, which shall be used to evaluate the submission:

1. Vision and mission statements relevant to community conditions and to the MSNJ district's organizational status;

2. A workplan, including specific activities in the areas of organization, promotion, design and economic vitality, timelines, and personnel responsibilities;

3. A budget, showing committed funding for five years;

4. Information that describes the character of the municipality and explains the perceived advantages to becoming an MSNJ district, including, but not limited to:

i. The history and current conditions of the community's mixed-use district being proposed for designation;

ii. Municipal demographics, economic base, and other economic indicators;

iii. Potential to benefit from the training and technical assistance provided by the MSNJ program;

iv. Existing and/or future redevelopment within the proposed MSNJ district and the municipality;

v. Existing municipal, State and Federal development programs, opportunities, and activities within the proposed MSNJ district and the municipality;

vi. Existence of opportunities provided by local government and financial institutions to encourage economic reinvestment within the proposed district; and

vii. Other community organization activities, cultural and recreational events, and facilities that may contribute to revitalization of the proposed MSNJ district;

5. Information that describes the applicant's readiness, which shall include:

i. Ability to begin participation in the MSNJ program immediately upon designation, as evidenced by organizational and financial readiness of the applicant to manage the proposed program;

ii. Indication of broad-based support and understanding of the proposed program and its transformation strategies and objectives within business and residential communities and among elected and appointed municipal officials;

iii. Consistency of the goals proposed by the MSNJ program with the “Main Street Approach®”; and

iv. Job description, selection process, compensation, and means of evaluating performance of the executive director;

6. Information that describes the proposed MSNJ district’s characteristics, which shall include:

i. Existence of a cohesive and well-defined traditional commercial district with a concentration of historic buildings and sites;

ii. Quantity and quality of housing in and around the proposed MSNJ district;

iii. Economic base and business mix of the proposed MSNJ district and surrounding areas;

and

iv. The results of downtown revitalization activities and investment by government and private entities; and

7. Information that supports the application, including slides, aerial photographs, maps, resolutions, and other information.

5:103-2.4 Application review

(a) Applications will be reviewed for consistency with N.J.A.C. 5:103-2.3.

(b) The applicant will be notified in writing of any deficiencies in its application. An applicant receiving written notice of deficiencies shall cure the deficiencies within seven business days of receipt of the notice. Failure to satisfactorily address all deficiencies within seven days shall automatically result in the rejection of the applicant’s application.

(c) An application that does not meet the requirements set forth at N.J.A.C. 5:103-2.3 shall be declared ineligible by the Department.

(d) Applicants not selected for designation as an MSNJ district will be notified in writing by the Department.

(e) Successful applicants will be notified in writing by the Department and shall be designated as an MSNJ district, which shall not be effective until a Letter of agreement pursuant to N.J.A.C. 5:103-3.1(a) and 3.2 is executed.

SUBCHAPTER 3. DESIGNATED MSNJ DISTRICTS

5:103-3.1 Assistance provided

(a) Upon designation as an MSNJ district, the successful district management organization, the participating municipality, and the Department shall enter into a formal Main Street New Jersey Letter of agreement. This agreement shall set forth the responsibilities of each party relative to participation in the MSNJ program. The Letter of agreement shall be in effect for one year with provision for annual renewal by agreement of the parties.

(b) Depending on the availability of State resources, services provided by the Department to a designated MSNJ district management organization shall be at no cost to the municipality and may include, but not be limited to, the following:

1. Volunteer and executive director training;
2. Training on specific downtown issues, including, but not limited to, marketing, business recruitment, volunteer management, and historic preservation;
3. Visits by professional consultants to help each municipality develop its strengths and plan for the success of its downtown area, including:
 - i. Small business development consulting services for local business owners;

ii. Marketing and public relations consulting for local businesses and "Main Street New Jersey" organizations; and

iii. Architectural design consulting for business and property owners; and

4. Educational materials, including manuals and slide programs.

(c) The Department may provide limited training and technical assistance in any New Jersey municipality, including, but not limited to:

1. Planning assistance through the Department's Office of Local Planning Services, off-site phone and e-mail help, scholarships to the NJ Downtown Institute, and advocacy for revitalization projects with other State agencies and departments; and

2. At the request of the municipality in which a revitalization effort is located, a public or private entity that has not been designated as an MSNJ district management organization but is involved in the local downtown revitalization effort may also receive limited assistance from the Main Street New Jersey program. Such request shall be in the form of a formal resolution adopted by the municipal governing body.

5:103-3.2 Designated MSNJ district requirements

(a) The MSNJ district management organization shall, in accordance with the Letter of agreement:

1. Maintain status as an independent, recognized 501(c)(3), (c)(4), or (c)(6) with the primary mission of revitalizing a commercial district with at least one representative of the municipal governing body or staff serving on the board of directors;

2. Dedicate funding in an annual operating budget, which at a minimum covers the following costs:

i. Executive director salary and fringe benefits. MSNJ district management organizations in municipalities with a population of more than 20,000, according to the most recent Decennial Census, shall employ a full-time, paid executive director;

ii. Rent and general office expenses;

iii. Travel to MSNJ meetings and the National Main Street Conference; and

iv. Executive director professional development;

3. Establish and maintain an active volunteer board of directors representing downtown stakeholders to oversee the organization;

4. Conduct a program of ongoing training for staff and volunteers;

5. Maintain membership in the National Main Center's Main Street America ® program;

6. Submit monthly MSNJ Return on Investment (ROI) and Reinvestment Reports on the forms supplied by the MSNJ program;

7. Attend the annual National Main Street NOW Conference and the NJ Downtown Institute;

8. Indicate broad-based community support for the MSNJ district revitalization process, with strong support from both the public and private sectors;

9. Maintain a comprehensive downtown revitalization strategy based on the National Main Street Center's Main Street Approach® and Main Street America® structure including:

i. Implementing a variety of activities in the areas of organization, promotion, design, and economic vitality;

ii. Developing vision and mission statements relevant to community conditions and to the MSNJ district's organizational status; and

iii. Developing and implementing a comprehensive annual workplan;

10. Create standards that protect historic resources and encourage historic preservation as evidenced by:

i. Having or working towards an active design assistance program;

ii. Encouraging building renovation or rehabilitation consistent with the recommended treatments described in the Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings; and

iii. Encouraging public awareness of the historic properties in the MSNJ district and the importance of their preservation;

11. Develop land use policies that encourage development and/or rehabilitation of property in the MSNJ district area;

12. Develop financial mechanisms and incentives to attract investment to the MSNJ district; and

13. Develop public-private partnerships.

SUBCHAPTER 4. GRANTS

5:103-4.1 MSNJ awards for physical improvements and operational support

(a) To the extent that funding is available, designated MSNJ district management organizations shall be eligible to apply for grant funding for both physical improvements and operational support.

(b) Funding opportunities will be announced to all designated MSNJ districts management organizations. Applications for funding will be available through the Department's grants application and management system.

5:103-4.2 Scope of project; activities

(a) During the first year following designation, each MSNJ district management organization will be eligible to apply for a start-up grant for operational support. All local program activities assisted through this grant shall be in accordance with the transformation strategies defined by Main Street New Jersey and the National Main Street Center®.

(b) Designated MSNJ district management organizations may also apply for funding for physical improvement projects that result in visible and tangible change, foster private and public reinvestment, local economic growth, and quality placemaking within the district including, but not limited to, the following:

1. Improvement and restoration of mixed-use and commercial buildings and storefronts following the minimum standards of the MSNJ Design Guidelines for Facades and Storefronts;
2. Improvement and creation of placemaking projects in public and publicly accessible spaces meeting or exceeding the MSNJ placemaking project criteria; and
3. Costs of professional services directly related to implementing the project.

(c) The MSNJ district management organization shall submit a budget for the project, in a form to be provided by the Department, that shows the breakdown of how the grant is to be used and other additional funds leveraged for the project.

(d) All activities shall take place within the designated MSNJ district.

(e) Buildings and facilities used for the general conduct of government and schools within the MSNJ district may not be included in a project receiving MSNJ grant funding.

(f) The MSNJ district management organization shall submit a timeline for completion of the qualified project(s) that are the subject of the project application.

5:103-4.3 Funding criteria

(a) The operational grant shall meet the following criteria:

1. The grant funding will support the development or refinement of strategic transformation strategies for the local MSNJ program as defined by Main Street New Jersey and the National Main Street Center®.

(b) The physical improvement grant project shall meet the following criteria:

1. The project shall clearly fit within the MSNJ district management organization's comprehensive annual workplan and be located within the MSNJ district. Grant applicants shall submit the comprehensive annual workplan with the MSNJ grant application.

2. A façade and storefront improvement project shall meet or exceed the minimum standards as defined by the MSNJ Design Guidelines for Façades and Storefronts.

3. A placemaking project shall meet or exceed the minimum standards as defined by the MSNJ placemaking project criteria.