



New Jersey Leads Nationwide Push on Curbing Warehouses by Taking a Regional Approach

Agency Policy Prohibits Industrial Development in Parts of Area Supplying State's Drinking Water



In one of New Jersey's latest warehouse projects, Hartz Mountain Industries is in the process of seeking approval from the township of Roxbury, New Jersey, to build a 2.5 million-square-foot distribution complex. (Hartz Mountain Industries)

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New Jersey has issued some of the nation's toughest restrictions on warehouse development on a regional basis, limiting industrial projects in an enormous swath of the northwestern part of the Garden State known for its forests and wildlife.

The [New Jersey Highlands Council](#), a state planning agency, updated its policy regarding the siting of warehouses within the area it oversees, which includes 859,267 acres and covers more than 1,250 square miles. The larger Mid-Atlantic Highlands region spans Connecticut, New York, New Jersey and Pennsylvania, serving as a buffer between the Appalachian Mountains and more urban East Coast locations.

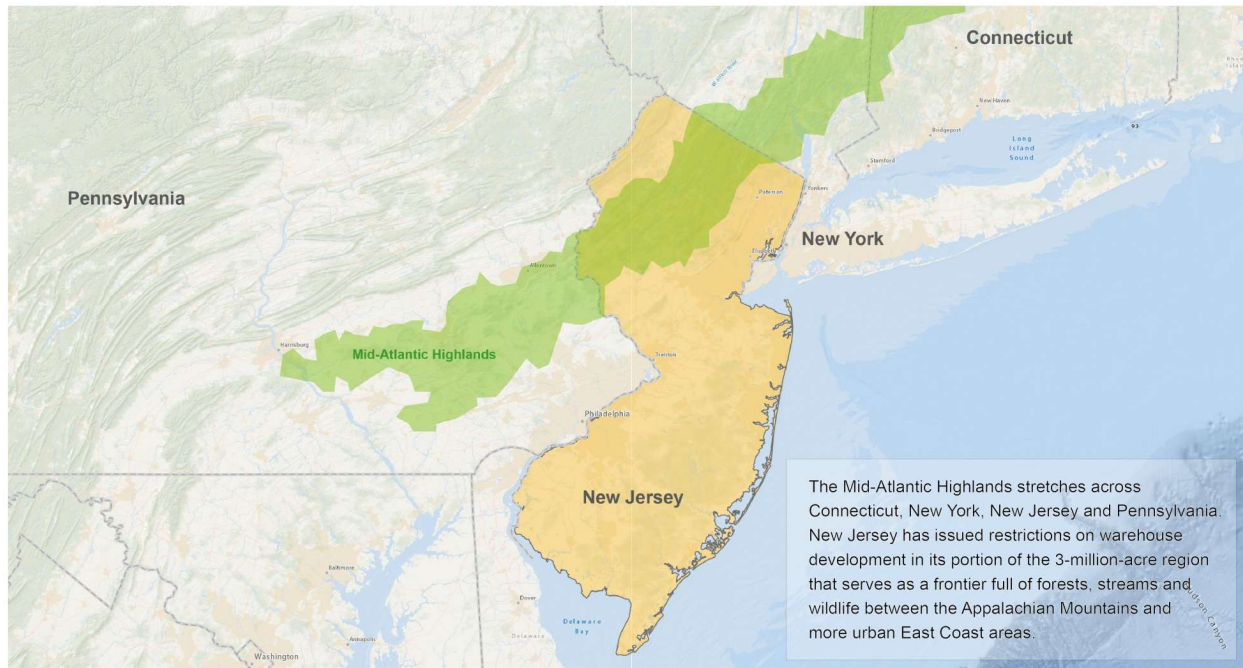
New Jersey's move comes in a state where [logistics](#) is a booming industry and an important economic driver because of its location in a highly populous region and proximity to the nation's [busiest seaport](#). The Garden State has more jobs tied to the transport and storage of goods than any other. It is also within a 24-hour drive of almost three-quarters of the U.S. population, and as such has become a go-to place for distribution facilities, the warehouses where goods are loaded onto trucks for delivery.

The action by the council imposes some of the most far-flung geographic restrictions — in a regional approach — on industrial projects so far nationally. And it comes in a state that has both rural and highly developed areas, signaling an approach that could play out across more areas in the United States as warehouse development spreads into green vacant land that could stir opposition.

In New Jersey, the Highlands area covers 88 municipalities in Bergen, Hunterdon, Morris, Passaic, Somerset, Sussex and Warren counties, stretching from Mahwah in the north to Holland Township in the south. New Jersey has designated the Highlands for resource protection, as it supplies drinking water to 70% of the state's residents. The land includes open space such as farms as well as some mountainous terrain.

In a [27-page document](#), the Highlands Council said it is prohibiting warehouses in the region's designated preservation areas — as well as its protection and conservation zones — as "no-go" places for new industrial development, an "unsuitable use" for that land. By acreage, the areas account for roughly 80% of the entire Highlands region, according to a spokeswoman for the agency.

East Coast Forest Frontier



Source: New Jersey Highlands Council, May 2023
Map: Nicole Shih



The council also issued new requirements for warehouses that it is permitting in parts of the Highlands region.

"Our message isn't warehouses are bad, but warehouses in the wrong places are bad," Ben Spinelli, the Highlands Council's executive director, told CoStar News.

National Warehouse Concerns

Governments across the nation have been trying to find ways to control new warehouse development and ensure such facilities are placed in what they consider appropriate locations. California Gov. Gavin Newsom has been asked to enact a moratorium on warehouse construction, but he has taken no action on the matter. Meanwhile, some municipalities have taken matters into their own hands and moved to curb industrial development, with towns in states such as California, Georgia and Ohio passing moratoriums on new warehouses. One township in New Jersey, Mansfield, did the same.

The New Jersey Planning Commission last year developed guidelines for towns to use in weighing warehouse proposals, but those are just suggestions, with municipalities not required to follow them.

The rise of e-commerce spurred a surge of warehouse development across the country, and [backlash has risen](#) from its opponents, who are concerned about traffic, pollution and the loss of open space.

There has been "a proliferation of warehouses scattered across the Highlands" region, according to Spinelli, "instead of being a rational number."

The Highlands Council spokeswoman said the new policies shouldn't be described as a "ban" on warehouses.

"The objective is to help our constituent municipalities and counties in the Highlands region leverage sound regional planning principles to direct development where development is appropriate and away from sensitive areas," she said, adding that the bulk of the new policy standards focus "on where and how to properly site" warehouses in the Highlands.

In the preservation area of the region, making up about half of it, municipalities are required by law to integrate the land use provisions and resource management protections of the agency into their local planning and regulatory documents, according to the spokeswoman.

The Highlands region is in the middle of a transportation network — which includes Interstates 80, 78 and 287 — that connects the East Coast ports and terminals with the rest of the nation, making them appear as attractive sites for warehouses, according to Spinelli. But many parts of the region are rural and have farmland and open space, he said.

Environmental Protections

The Highlands Council's master plan "seeks to protect the significant agricultural land base of the region, an important resource and a potentially critical food supply resource in a less stable climate future," according to the revised policy.

"The development capacity of the region as a whole is finite, also meaning that warehousing projects will require "forgoing other kinds of development that may serve important local needs," the new policy says. "For comparison purposes, it is helpful to consider that a single warehouse may occupy as much land area as 10 city blocks."

The Highlands Council's updated policy does permit warehouses in the region's designated planning-area community zones, development and redevelopment areas and growth centers.

But there are restrictions on such developments, such as warehouses are permitted only where water and sewer services have sufficient capacity; large facilities, including those over 500,000 square feet, must be located within 3 miles of an interstate highway exchange; county roads may serve large facilities only where they provide 1-mile-or-less access to a state or interstate highway; and warehouse roofs should be solar-ready.

When it comes to land designated as part of a planning area, municipalities can opt not to conform with the Highlands regional master plan and policies.

The revised Highlands' policy drew a mixed response from commercial real estate and business groups.

Michael McGuinness, CEO of NAIOP New Jersey, raised the question of how it might impact pending projects. For example, he cited [a proposed 2.5 million-square-foot warehouse development](#) planned by Hartz Mountain Industries at a former Hercules munitions plant in Roxbury, New Jersey.

"I have not reviewed the Highlands Council policy closely, but it seems that their rationale does not make sense — especially in the context that a former munition manufacturing site is being transformed into a much cleaner, quieter and job-generating

warehouse and distribution facility serving the needs of the area's communities," McGuinness said in an email.

Officials at Hartz Mountain didn't respond to an email or phone call regarding their project.

Business Group Weighs In

The New Jersey Business & Industry Association also expressed reservations about the Highlands warehouse restrictions.

"Warehouse development is needed to support our port, which is now the nation's largest, as well as to support our logistics and e-commerce society, which everyone seems to be participating in," Ray Cantor, NJBIA chief deputy government affairs officer, said in a statement.

He added that "warehouse development is also an economic driver in its own right, supporting both jobs in the trades and longer-term careers. These developments are especially important right now as we are seeing stress in the commercial and retail sectors and the possibility of a recession on the horizon. Let's not be quick to cut off one of New Jersey's few economic drivers."

But, "having said that, we recognize that development, any development, in the Highlands preservation area will be subject to strict, and perhaps, overly burdensome regulations," Cantor said.

"We don't have an opinion on what the Highlands Council has promulgated in this particular instance, but we encourage the council to allow for warehouse development in appropriate areas so as enhance the regional as well as state economy," he said.

Meanwhile, several activist organizations lauded the council for its actions. The Skylands Preservation Alliance, an environmental advocate, said the new policy takes

"meaningful steps to curb warehouse development in inappropriate spaces," according to Tracey Heisler, the organization's president.

"Regional planning is something that we as an organization have long advocated for as one town's decision to build for [rateables](#) can have significantly deleterious impacts on neighboring communities," Heisler said in an email. "In addition, prime farmland, like those in Franklin Township, Greenwich Township and White Township in Warren County — as well as sites across the state — should be protected at all costs."

The Mercer County Defense League, which has been actively opposing a proposed 5.5 million-square-foot warehouse complex in West Windsor, New Jersey, applauded the Highland Council's new warehouse prohibitions and hoped other regions follow suit.

"Our position is that the policy standards for warehouse siting that were issued by the Highlands Council are a tremendous step forward in taking the state Planning Commission's 2022 warehouse-siting guidelines from voluntary compliance to having the force of law," Stacey Joy Fox, executive director of the defense league, said in an email.
