

Community Planning  
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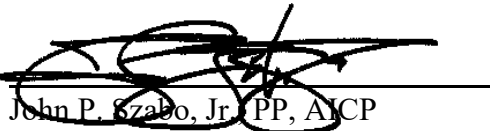
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# MASTER PLAN LAND USE ELEMENT AMENDMENT– PFIZER CAMPUS DEVELOPMENT 100 Route 206; Block 20, Lots 7, 8, 9, 9.01, 10 and 15

Borough of Peapack and Gladstone  
Somerset County, New Jersey

Prepared for: Borough of Peapack and Gladstone  
BA# 4017.08

The original document was appropriately signed and sealed on in accordance with the State Board of Professional Planners and adopted by the Peapack and Gladstone Land Use Board after public hearing on \_\_\_\_\_.



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Professional Planner #3445

February 22, 2024

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## INTRODUCTION

The Municipal Land Use Law (MLUL), N.J.S.A. 40:55D-62a, requires every municipality with a zoning ordinance to adopt a master plan containing at least a land use plan element and housing plan element. What follows is a brief historical description of the Borough of Peapack's master planning efforts over the past years.

The Borough of Peapack and Gladstone Land Use Board adopted its last comprehensive master plan including a land use element on December 18, 1996. The Land Use Element was subsequently amended on February 3, 1999 by Reexamination Reports adopted on February 16, 2005 and January 29, 2015.

The February 16, 2005 Master Plan Reexamination and Land Use Plan Update Report incorporated a number of recommended amendments to the Borough's Land Use Plan and Zoning Ordinance. The report:

- Specifically considered a request by Peapack Residential Associates, LLC, that the Borough permit the construction of a luxury age-restricted community on certain lands within the "ORL" and "RR-5" zoning districts on the west side of Route 206 as an optional development alternative.
- Concluded that the construction of an age-restricted housing development on the subject lands would have less adverse impacts upon the road network, infrastructural needs, the environment, the Borough's then potential affordable housing obligations, etc., than would result if the lands were developed in accordance with the underlying "ORL" zoning.

The 2005 Reexamination and Land Use Element Update recommended that the Borough zoning ordinance be amended to reflect the Land Use Board's findings. The Governing Body accepted the Land Use Board's recommendation and the zoning ordinance was amended accordingly.

The Land Use Board conducted its most current reexamination of the 1996 Master Plan, its updated elements and previous reexamination reports in 2014 adopting a master plan periodic reexamination report on January 29, 2015 (2014 Reexamination Report). The 2014 Reexamination Report made a number of recommendations to amend the Borough's master plan goals and objectives and zoning ordinance.

At the time of adoption, the 2014 Reexamination Report described the uncertainty surrounding the Borough's affordable housing obligation. Consequently, the 2014 Reexamination Report deferred to a future housing element and fair share plan to finalize the Borough's housing compliance with the COAH Third Round. The report acknowledged that a new housing plan document would have to be adopted based on a process yet to be determined.

Subsequent court decisions clarified the process by which municipalities can obtain substantive certification of their affordable housing plans and as a result the Borough adopted a Housing Element and Fair Share Plan dated August 7, 2020 with an amendment to the Master Plan Land Use Element recognizing changes in the land use plan brought about as a result of the adoption of the Borough's housing plan.

Pfizer Inc., has long maintained a research and office campus within the Borough located at 100 Route US-

206. This facility sits on 148 acres, employs over 800 persons and pays \$1.5 million annually in local taxes representing 9% of the Borough's tax revenue. In October of 2023 Pfizer announced it would be closing this facility permanently along with other facilities due to slumping pharmaceutical sales. The loss of the Pfizer office and laboratory research facility requires that the campus be repurposed to address the void left by Pfizer's closure.

A proposal to repurpose the existing facility to a senior housing campus with multifamily units limited to 55 and over, assisted living facility with an on-site extended stay residence and medical arts building, including the public dedication of property for open space and trails, has been presented to the Borough and determined to be a viable development proposal to repurpose the campus to an alternative use that will benefit the community.

This document is intended to amend the Borough's Master Plan Land Use Element to support the rezoning of the Pfizer Campus to create a senior community within the Borough.

## **AMENDMENT TO THE LAND USE PLAN: DEVELOPMENT ANALYSIS**

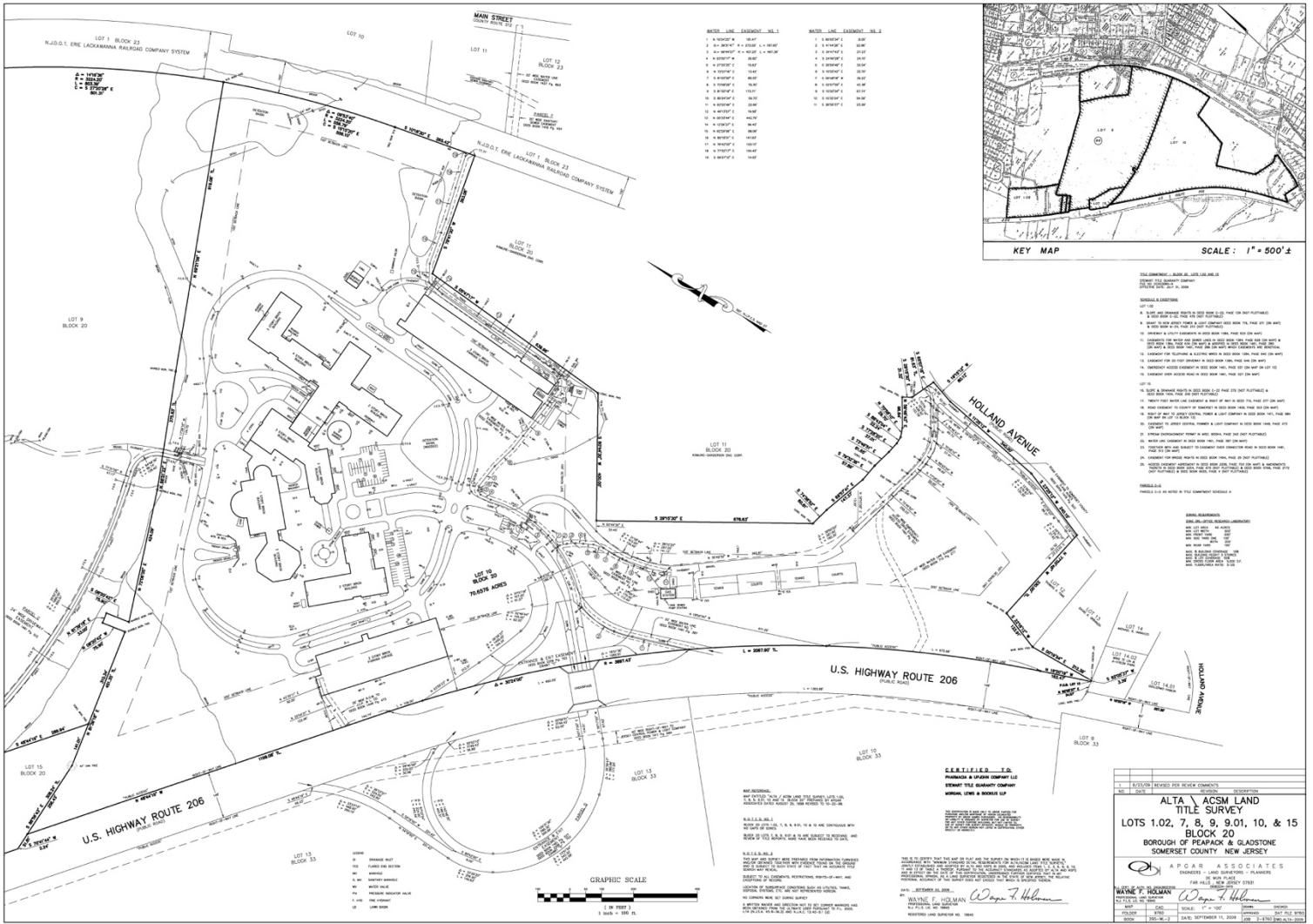
The following analysis is presented regarding the redevelopment of the Pfizer Campus.

### *Property description*

The subject property is centrally located within the Borough of Peapack and Gladstone with street address of 100 Route 206 for the corporate headquarters. The campus, presently owned by Pharmacia and Upjohn Pfizer, consists of five parcels further identified by Borough Tax Assessment records as Block 20, Lots 7, 8, 9, 9.01, 10 and 15.

The property contains 148-acres and is developed with ten (10) buildings totaling 550,000 square feet and two (2) two story parking garages. The property also includes an extensive solar array located on lot 9 designed to provide power to the campus. Main access to the existing campus is provided directly from US Route 206 with a secondary emergency access located off Holland Avenue. A property survey of the campus is provided in Figure 1.

Figure 1-Property Survey



Portions of the property's frontage is impacted by the flood plain, riparian area and wetlands associated with the presence of the Peapack Brook and its tributaries which are classified as a Category One (C-1) stream by the New Jersey Department of Environmental Protection (NJDEP). Figure 2 presented the FEMA flood map for the property and Figure 3 the location of the Peapack Brook with tributaries as it impacts the property.

Figure 2-FEMA Flood Plain Mapping

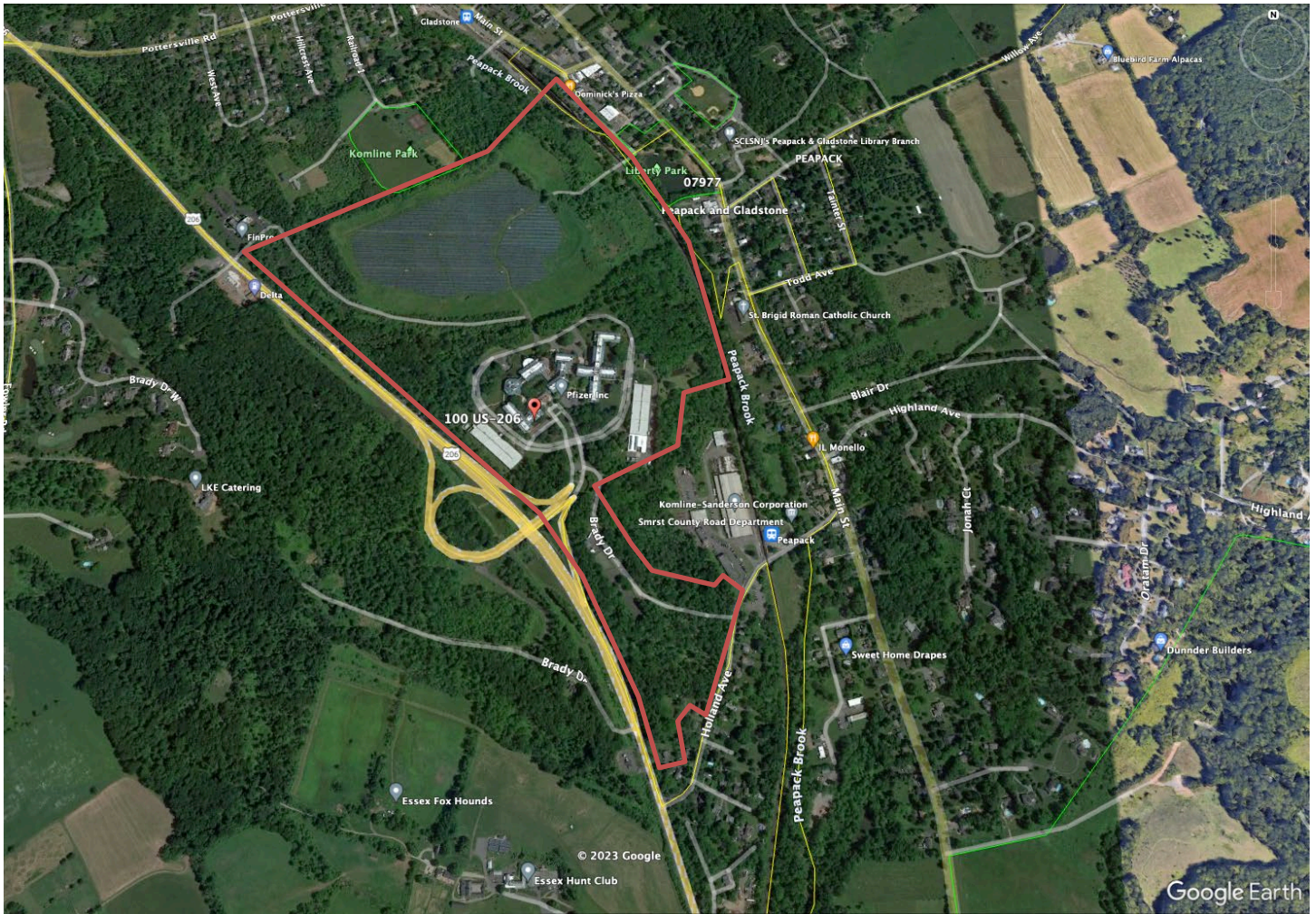


<b>PIN</b>	Approximate location based on user input and does not represent an authoritative property location	<b>SPECIAL FLOOD HAZARD AREAS</b>	Without Base Flood Elevation (BFE) Zone A, V, AH, P	Cross Sections with 1% Annual Chance Water Surface Elevation
	Selected FloodMap Boundary	With BFE or Depth	Regulatory Floodway Zone AE, AO, AH, VE, AR	Coastal Transect
	Digital Data Available	0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile Zone X		Base Flood Elevation Line (BFE)
	No Digital Data Available	Future Conditions 1% Annual Chance Flood Hazard Zone X		Limit of Study
	Unmapped	Area with Reduced Flood Risk due to Levee. See Notes. Zone X		Jurisdiction Boundary
<b>MAP PANELS</b>	Area of Minimal Flood Hazard Zone X	<b>OTHER AREAS OF FLOOD HAZARD</b>	Area with Flood Risk due to Levee Zone D	<b>OTHER FEATURES</b>
	Effective LOMRs	Area of Undetermined Flood Hazard Zone D		Coastal Transect Baseline
	Area of Undetermined Flood Hazard Zone D	Otherwise Protected Area		Profile Baseline
	Otherwise Protected Area	Coastal Barrier Resource System Area		Hydrographic Feature
<b>OTHER AREAS</b>	Coastal Barrier Resource System Area			<b>GENERAL STRUCTURES</b>
				Channel, Culvert, or Storm Sewer
				Levee, Dike, or Floodwall

Source: FEMA Mapping Service



Figure 4 - Surrounding Land Use



Source: Google Maps

### Subject Area Zoning

The Pfizer Campus is located in the Office, Research and Laboratory Zone (ORL) which permits office and research labs as principal uses.

The following table provides the area and bulk controls regulating development in the ORL Zone:



Table 1: ORL Zone Requirements

Min Lot Area:	40 acres
Min Lot Width:	500'
Min Setback - Front Yard:	200'
Min Setback - Side Yard:	100' each side
Min Setback - Rear Yard:	100'
Max % Building Coverage:	10%
Max Building Height:	3 Stories or 45'
Max % Lot Coverage:	50%
Min Gross Floor Area:	5,000 square feet
Max Floor/Area Ratio:	0.125

### Redevelopment Proposal

A redevelopment proposal has been presented to the Borough by Melillo Equities to repurpose the Pfizer campus into a senior housing development utilizing existing campus buildings and infrastructure. The proposal includes the demolition of the existing parking structures and the dedication of property to the Borough for open space and trail development. The redevelopment offers the following components:

- Potentially 200+-units of Senior 55+ rental development including a setaside for affordable housing units.
- 95-unit Assisted Living units including 10 affordable units (at 10% required Medicare set aside) or as an alternative a 100,000 square foot extended stay hotel
- Demolition of the two parking structures
- Self-storage as an amenity for the residential development
- Dedication of open space and public trails within the development connecting to the Borough's trail system as presented in Figures 5, 6 and 7 below.
- The existing solar farm will continue to provide electricity to the campus. The solar array also presents the opportunity to participate in government programs that permit the excess energy generated by the array to be put back into the existing grid and thereby becoming available to the community as a whole resulting in a subsidy that could reduce electrical costs for the entire Borough.

Figure 5 – Pfizer General Concept Plan



Figure 6 – Open Space Dedication

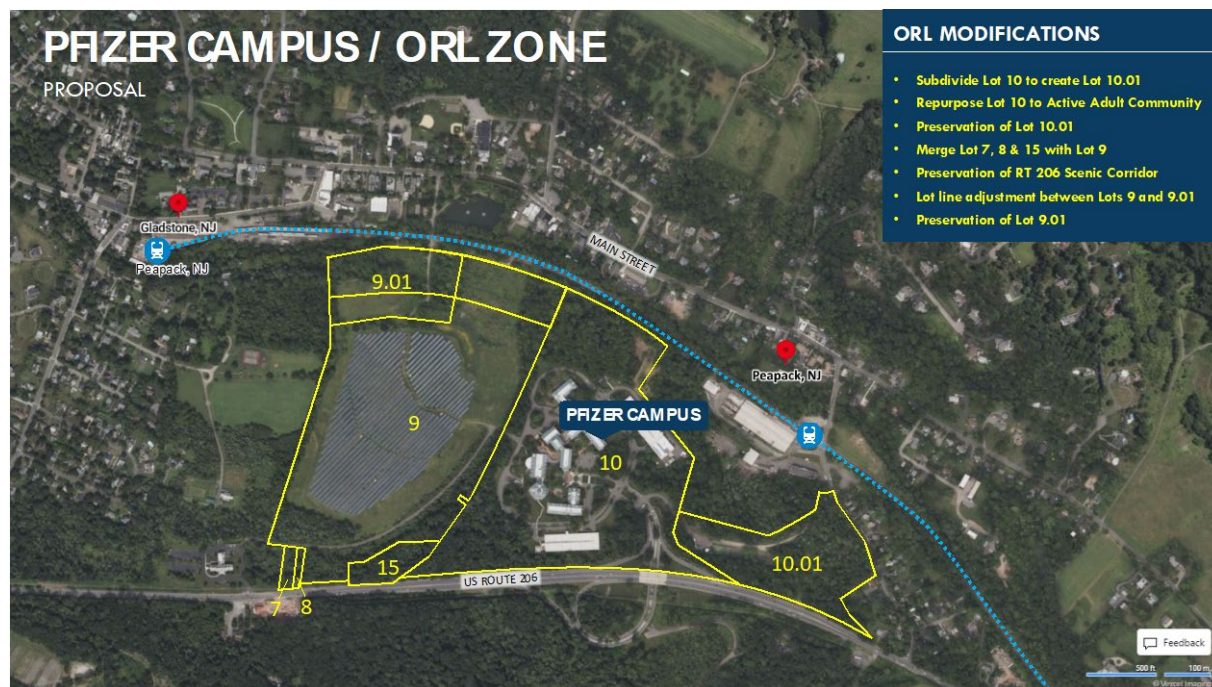
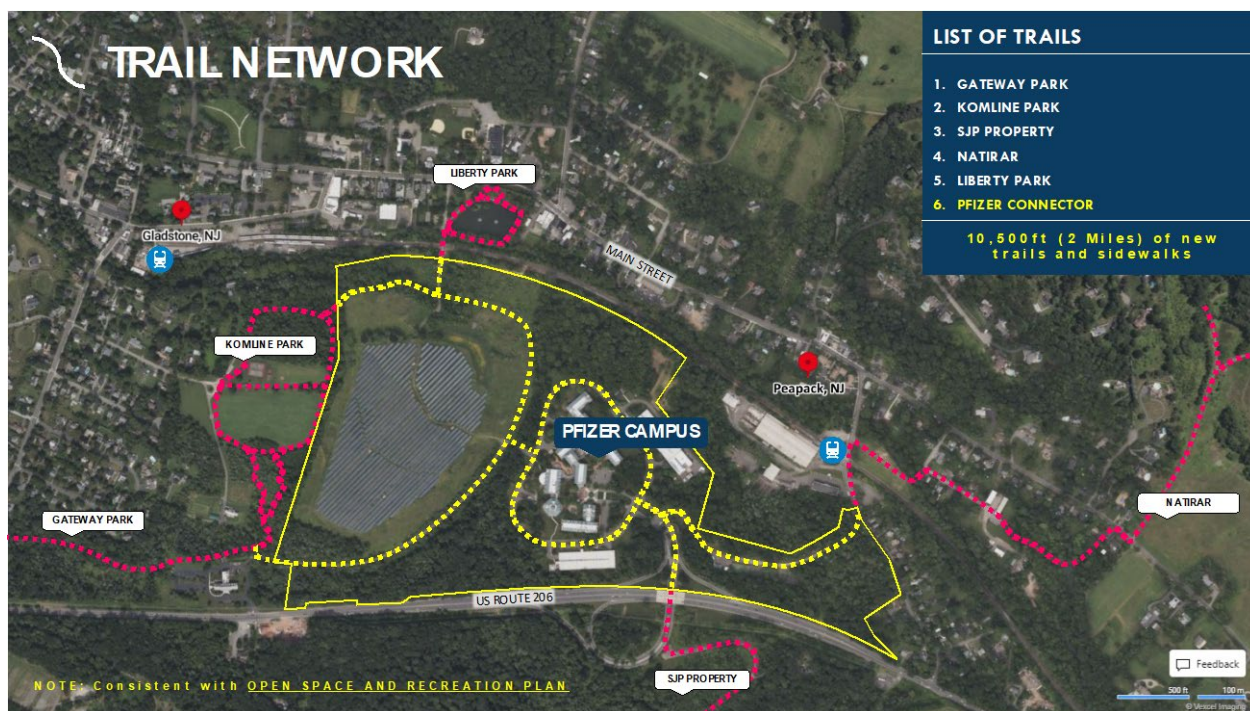


Figure 7 –Trail Network Integration



## Master Plan Analysis

A master plan analysis of the proposal presented to the Borough is presented below to assess the potential impacts of developing a senior campus on the Pfizer property.

### Demographics

The “Graying of America” is well documented by US Census data. Since 2010, the percentage of Americans ages 65 and older has climbed to nearly 1 in 6, driven in part by the fact that the Baby Boomer generation crossed the 65-age marker in 2011. The rise in the senior population is noteworthy as the percentage of the population under 18 has fallen. In 2021, 17% of the population was 65 or older which is a 4% increase from 2010. Regionally, the Northeastern states have the largest proportion of seniors in total population with 18% of the northeastern population falling within this population age group.

For the Borough of Peapack Gladstone, US Census data indicates that in 2010, the Borough’s population 55 and older represented 21 percent of the Borough’s total population. By 2020, the same population group grew to 34.9 percent of the Borough’s total population with significant increases in all of the senior age groups with the exception of the 85 and older category which actually decreased.

TABLE 2: BOROUGH OF PEAPACK GLADSTONE POPULATION 55-85+

	<u>2010</u>		<u>2020</u>	
	Population	Percent	Population	Percent
Total Population	2,562		2,582	
55 to 59 years	147	5.7	213	8.2
60 to 64 years	165	6.4	175	6.8
65 to 74 years	165	6.4	263	10.2
75 to 84 years	158	6.2	213	8.2
<u>85 years and over</u>	<u>63</u>	<u>2.5</u>	<u>39</u>	<u>1.5</u>
Total	540	21.0	903	34.9

Source: US Census Data

The only dedicated senior housing within the Borough is operated by St. Luke’s Church which provides 9 affordable senior units. Although senior developments are proposed and under construction throughout the State, given the Borough’s growing senior population as well as that of the region as a whole, there is still a significant housing gap in the market to address the housing needs of the Borough’s senior population.

Socio-Fiscal impacts of the proposed development are presented below. This section of the analysis evaluates the socio-economic impacts anticipated from the proposed development. Specifically, the analysis projects the number of residents and school-age children (or lack thereof) that are expected to reside in the proposed development, as well as the number of employees expected to be generated by the proposed development.

Projected Population Estimates

It is anticipated that a 215-unit senior housing 55+ rental development, 95-unit assisted living development, will result in an estimated 353 residents on-site (inclusive of 258 senior housing 55+ residents and 95 assisted living residents)<sup>1</sup>. The most recent 2020 population estimate from the U.S. Census Bureau for the Borough is 2,582 residents. The estimated 353 additional residents represent an increase of 13.7 percent of the total Borough population.

<sup>1</sup> This is based on a multiplier of 1.2 persons per unit as applied to the proposed senior housing 55+ units, pursuant to data from the Center for Urban Policy Research (CUPR) 2006 publication entitled “Who Lives in New Jersey Housing? New Jersey Demographic Multipliers,” and a multiplier of 1.0 persons per unit as applied to the proposed assisted living units, pursuant to our experience with these types of projects.

Projected School Age Children

Because the proposed development will be entirely age-restricted for senior residents, the proposal will not generate any school age children.

Projected Employees

It is further anticipated that the proposed development will generate approximately 170 full- and part-time extended stay hotel employees or 57 assisted living employees<sup>2</sup> depending upon what option for development is pursued. The New Jersey Department of Labor and Workforce Development data on employment by municipality indicates that, as of 2022, average employment in the Borough is 2,960 employees. The estimated increase in employees from the proposed development therefore represents an increase of 5.7 percent or 1.9 percent respectively in the total number of employees in the Borough.

Total Demographic Impact of Proposal

The total projected demographic impact of the proposed development is summarized in the table below.

TABLE 3: TOTAL PROJECTED DEMOGRAPHIC IMPACT - PROPOSED DEVELOPMENT

CATEGORY	ESTIMATE
Total Residents	353
Total School Age Children	0
Total Employees	170 or 57

Sources: estimates by Burgis Associates, Inc.

Fiscal Impact of Proposal

The following analysis details the estimated impact of the proposed development on municipal and school budgets. This includes data on projected property tax revenue, estimated costs, and anticipated demand for various services.

1. Existing Assessment and Revenues

The subject site consists of six individual parcels occupying a total area of 148 acres. According to Borough tax records, the current equalized value of these parcels is \$83,235,400. Employing the 2022 tax rate, total annual property tax revenue for the site is \$1,529,867.

2. Project Value and Potential Taxes

<sup>2</sup> This is based on a multiplier of 1.7 employees per 1,000 square feet as applied to the extended stay hotel, pursuant to N.J.A.C. 5:97 Appendix D “UCC Use Groups for Projecting and Implementing Non-Residential Components of Growth Share,” and 57 employees for the proposed assisted living facility pursuant to our experience with these types of projects.

- a. Estimated Assessed Value. The estimated assessed value of the proposed development is based on estimates of the project’s market value and the application of the Borough’s current equalization ratio. The applicant estimates that the proposed development will have an equalized assessed value of \$150 million.
- b. Potential Tax Revenues. The 2022 property tax rate in Peapack and Gladstone is \$1.838 per \$100 of assessed value. This tax rate includes the school district, municipal purposes, and the county. Based on the projected equalized assessed value of \$150 million, the proposed development is expected to generate approximately \$2.76 million in annual tax revenue. As shown in the accompanying table, this includes approximately \$894,000 in annual revenue to the Borough (including open space) and approximately \$1.29 million in annual revenue to the School District. Table 5 below breaks down the projected annual tax revenue by category.

TABLE 4: CALCULATION OF ANTICIPATED TAX REVENUES – PROPOSED DEVELOPMENT

TAX		VALUE/REVENUE	
Tax Category	Tax Rate	Equalized Assessed Value	Projected Annual Tax Revenue
<b>Municipal</b>	0.566	\$150,000,000	<b>\$849,000</b>
<b>Municipal Open Space</b>	0.03	\$150,000,000	<b>\$45,000</b>
<b>County</b>	0.382	\$150,000,000	<b>\$573,000</b>
<b>School District</b>	0.86	\$150,000,000	<b>\$1,290,000</b>
<b>TOTAL</b>	<b>1.838</b>	<b>\$150,000,000</b>	<b>\$2,757,000</b>

Sources: Borough of Peapack and Gladstone tax information, calculations by Burgis Associates, Inc.

### 3. Projected Costs

- a. Municipal Budget Appropriations. The 2020 municipal budget for the Borough of Peapack and Gladstone includes approximately \$6.83 million in total appropriations. Approximately \$4.44 millions of this amount will be funded through local property tax revenues. The remaining revenues include state aid, grants, and other local revenues.
- b. Per Capita Expenditures. The per capita methodology uses a cost averaging approach for projecting the impact of population change on local municipal and school district service costs.
- c. Municipal Costs – Residents. The Per Capita methodology estimates that the annual per capita cost of municipal expenditures is \$1,404.98. This estimate is based on the fact that 80.9 percent of the

Borough's tax base is from residential property<sup>3</sup>. Dividing 80.9 percent of the amount to be raised through local tax revenues for support of the municipal budget by the total number of residents in Peapack and Gladstone results in a per capita cost of \$1,404.98.

% Residential Valuation		Amount Raised by Taxes for Budget		Population		Per Capita Cost
.809	X	\$4,439,858	/	2,558	=	\$1,404.98

It is noted that the municipal budget is not necessarily uniformly affected by changes in resident population, which indicates that imposing a per capita cost analysis on this line item should be done with caution. Because the project's assisted living residents are anticipated to require far fewer services than would typically be required from the municipal budget, it is anticipated that these residents would costs equal to roughly half that of a typical resident. As such, the estimated per capita cost can be reduced by 50 percent for the purposes of this analysis, to \$702.49, for the project's assisted living residents.

A per capita cost of \$1,404.98 multiplied by the 258 new senior housing 55+ residents estimated to be generated by the project, plus a per capita cost of \$702.49 multiplied by the estimated 95 new assisted living residents, equates to a total municipal cost of approximately \$429,222 per year for the residents of the proposed development.

- d. Municipal Costs – Employees. The Per Capita methodology estimates that the current per employee cost of municipal expenditures is \$251.51. This estimate is based on the fact that 16.8 percent of the Borough's tax base is from non-residential property<sup>4</sup>. Dividing 16.8 percent of the amount to be raised through local tax revenues for support of the municipal budget by the total number of employees in Peapack and Gladstone results in a per employee cost of \$251.51.

% Non-Residential Valuation		Amount Raised by Taxes for Budget		Employees		Per Capita Cost
.168	X	\$4,439,858	/	2,960	=	\$251.51

It should be recognized that there are limitations with the Per Capita methodology, as each portion of the municipal budget is not affected by population increases in the direct manner suggested by this method. Given the nature of the project, it is not anticipated that the employees to be generated by the development will require much, if any costs, to the Borough. However, to be conservative, for purposes of this analysis, the per employee costs of the project at the full Per Capita methodology estimate, or \$251.51, is anticipated.

A per employee cost of \$251.51 multiplied by the new employees estimated to be generated by the project (depending upon what option is developed) equates to a total municipal cost of \$42,756 per year for the employees of the proposed development associated with an extended stay hotel or

<sup>3</sup> Based on 2022 assessed value of residential ratables divided by 2022 assessed value of total ratables.

<sup>4</sup> Based on 2022 assessed value of non-residential ratables divided by 2022 assessed value of total ratables.





## Environmental Impacts

Environmental impacts associated with the redevelopment of the campus will include disturbance to the site caused by the demolition of the existing garage structures and internal improvements required to support the development. Stormwater management, soil erosion management and the protection of the stream corridors will be required. It should be noted that compliance with NJDEP stormwater and riparian development regulations will be required. Significantly, the proposed redevelopment of the campus will utilize the existing developed areas of the campus and therefore, should produce limited environmental impacts.

1. The proposal includes the retention and continued use of the solar array located on lot 9 which will provide a sustainable and environmentally friendly energy source thereby reducing the development's reliance on the existing electrical grid while also reducing gas emissions and electrical costs for the entire community.
2. Traffic patterns will utilize existing access points. Redevelopment of the campus will likely require reconfiguration of the internal road system to accommodate the repurposed campus. Currently the access to Holland Avenue from Brady Drive is gated. A second means to enter and exit the campus should be considered to facilitate the movement of residents in and out of the site. This, however, will generate a traffic impact on Holland Avenue which will need to be analyzed by the Borough.
3. The proposed dedication of open space and protection of the Route 206 corridor effectively encircles the campus with open space and will significantly expand the Borough's open space inventory.
4. The proposed trail system will provide essential links to the Borough's current system essentially connecting the Borough's trail system into a cohesive and comprehensive system including an important connection to the SJP development across the highway which was sought by the Borough's Land Use Board when that project was presented for approvals.

## Planning Conclusions

1. Demographically, the Borough and regional senior population is the fastest growing demographic requiring a response to the specific needs of this population group including the need for housing. The proposed senior development will diversify the Borough's housing stock by including senior housing to meet the ever-growing demand. The repurposing of the campus for senior housing further provides residents of the Borough an opportunity to "age in place" for those who wish to downsize from their current housing to a more appropriate space suitable for senior living.
2. The proposed development represents a residential density of 2.09 units per acre which is consistent with the rural character desired by the community as expressed by the Borough's master plan.

3. The proposed development seeks to repurpose the existing buildings of the former Pfizer campus with the exception of the parking garage structures which will be demolished and offers an opportunity to redevelop the Pfizer parcels with minimal site disturbance while utilizing existing infrastructure.
4. The proposal includes dedication of open space and trails that will expand the Borough's inventory of open space and provide important linkages to the Borough's existing trail system.
5. The extended stay hotel or residency will provide overnight accommodations for visitors to the campus and can be incorporated into the development as a compatible use.
6. Although a full market analysis was not conducted, alternate uses were examined.
  - a. The Pharmaceutical industry is constantly evolving and presently undergoing a restructuring in the post COVID world with some companies, including Pfizer, consolidating facilities and laying off employees. The likelihood of another pharmaceutical company taking over the present facility is not likely.
  - b. Given the soft office market and high vacancy rates, the repurposing of the campus to an office complex is not realistic. In fact, many of the State's empty office spaces are being redeveloped for residential use.
  - c. Mixed use of retail and residential is a possibility, however, not recommended as the Borough is seeking to redevelop the Lackawanna Avenue area as a mixed-use center. A competing mixed-use center will likely cannibalize and otherwise detract from the Borough's efforts to revitalize and Borough's downtown. Also, the Borough's master plan is seeking not to promote retail use along the Route 206 corridor

## **Master Plan Land Use Element And Amendment**

For the reasons cited herein, the Borough of Peapack and Gladstone Master Plan Land Use Element is hereby amended to create and apply a Senior Housing Inclusionaryland use designation to properties associated with the Pfizer Complex identified as Block 20, Lots 7 through 10 and 15 in order to promote senior housing with a required affordable housing inclusionary component.

### Goals and Objectives

This amendment is intended to accomplish the following goals and objectives:

1. Recognizing the unique housing challenges facing a growing senior population, this land use element amendment is intended to promote the redevelopment of the Pfizer Campus in order to develop senior housing to meet the changing demographic needs of the Borough and surrounding region as the Borough's population ages thereby providing the Borough's senior population opportunities to "age in place" within the community;

2. To diversify the Borough's housing stock and promote affordable housing opportunities targeted specifically towards the Borough's senior population which is presently lacking within the community;
3. Promote the preservation of open space and to expand the Borough's inventory of open space and parkland by dedicating portions of the undeveloped portions of the Pfizer Campus to the Borough's open space inventory; and
4. To expand upon and complete critical links within the Borough's existing trail system in order to create a comprehensive and connected trail system linking various components of the Borough's open space inventory together into a cohesive park system.

### Land Use Element Amendment

The amendment to the Land Use Element envisions a senior housing residential development that would repurpose existing Pfizer buildings and will include the following components:

1. Age restricted senior apartments or condominiums with an affordable setaside of 20%;
2. Assisted living and continuum of care facilities that would include senior amenities and services designed to accommodate the special needs of senior persons with permitted accessory type uses that may include food services, salon services, medical services and small-scale grocery/convenience; or
3. As an alternative, an extended stay hotel.
4. A small-scale market on site to serve the residents of the campus.
5. A medical arts facility designed to provide medical services to the residents within the campus; and
6. Maintaining an existing solar farm to continue to supply energy to the campus and potentially the entire community.
7. It is further anticipated that land area will be dedicated to the Borough as open space or be placed in a conservation easement and that the proposed development will include an integrated trail system that will result in a unified and comprehensive trail system available to the entire community.

It is expected that all development will occur by renovating and repurposing existing buildings and limiting redevelopment to existing developed areas of the campus and utilizing existing infrastructure to the extent that they are adequate to serve the residential campus.