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## COVID-19 Legal Resources

March 20, 2020

## It's Not Too Early to Consider Extending Building Permits & Approvals

History doesn't usually repeat but it often rhymes. COVID-19's impact on construction projects will likely differ from past recessionary triggers but one thing is already clear: the setback will be severe in its depth and breadth. That's why policymakers in Trenton should begin to consider extending building permits and approvals, just as they did during the Great Recession.

A dozen years ago, the New Jersey State Legislature approved the Permit Extension Act of 2008. By any measure, this law saved countless businesses, construction lenders and host municipalities from financial ruin and prevented what could have been a far more dire situation for the state's economy.

So why was it so important to extend permits and approvals? The building and environmental permitting process in New Jersey can take five years or more to complete and cost hundreds of thousands of dollars because a dizzying array of municipal, county and state governing and regulatory bodies must sign-off on construction projects. Businesses that endured this arduous multi-year process through the 2000s were met at the finish line by an unwelcome scenario: a tight credit market, deep recession and evaporated demand for real estate. Worse, their permits and approvals had expiration dates and were in danger of lapsing before an economic recovery could occur. Without an extension,

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#### COVID-19 Legal Resources

Useful information for businesses. We are updating and adding information on various issues and solutions as they unfold.

these businesses would have had to begin the permitting process anew. Most would have been hard-pressed to shoulder the expenses of a new round of permitting, not to mention the mounting interest, property taxes and other carrying costs during that process. And having to pursue a new round of permits and approvals would not have allowed these projects to be “shovel ready” in time for the eventual economic recovery; instead they would have been stuck back in a regulatory morass.

The Permit Extension Act of 2008 prevented that vicious scenario from playing out. A “**Permit Extension Act of 2020**” could likewise prevent a catastrophe for those businesses that endured the lengthy permitting and approvals process the past several years, only to encounter the COVID-19 pandemic at the finish line.

**How it works:** Permit extension simply freezes expiring permits for a few years so they can be quickly thawed-out and utilized as soon as New Jersey’s economy begins to rebound. In fact, with extended permits ready for immediate use, these construction projects could actually contribute to and accelerate New Jersey’s economic recovery. The law would extend all permits, approvals, licenses, certifications, waivers, letters of interpretation, agreements, center designations, and any other executive or administrative decisions (except for administrative consent orders) that otherwise would expire over the next two or three years.

**Why so long?** Because past experience indicates that once the wheels of the economy begin to turn again, businesses will need at least one year to obtain construction financing and gear-up for a ground-breaking, and that process can begin only after there is concrete evidence of an improving economy, including easing in the credit market and an uptick in consumer demand. That will take time, but we need builders and their construction trades to be in a ready-position to break ground at the first sign of an emerging recovery.

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*Editor’s Note: In the run-up to the Great Recession of 2008, Mr. Zangari founded and led the Smart Growth Economic Development Coalition, a loose federation of nearly two dozen statewide business and labor groups that came together to forge an economic stimulus package of legislation that influenced many of the laws and programs ultimately adopted by lawmakers in Trenton.*

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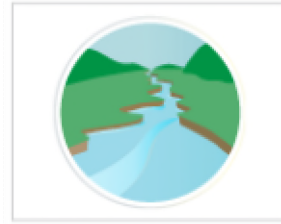
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