

PDC Bank Annual Report

FY 2022



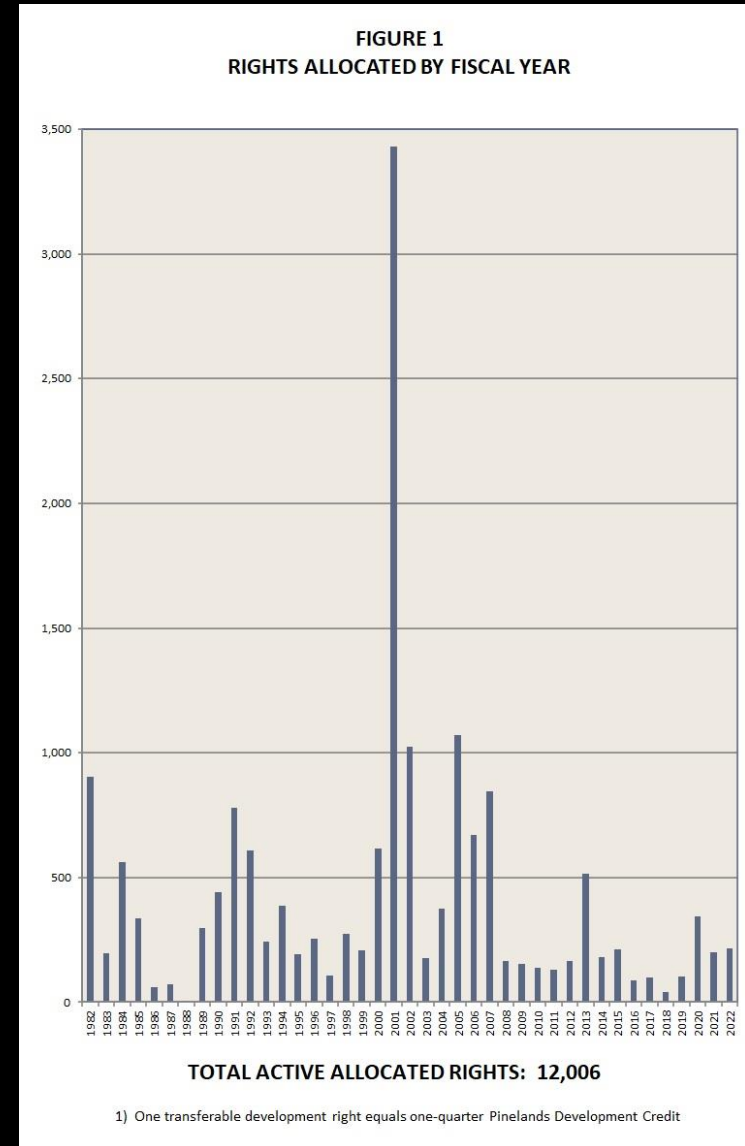
October 14, 2022

PDC Bank FY22 Annual Report

- **PDC Statistics**
 - **Allocations**
 - **Severances**
 - **Transactions**
 - **Prices**
 - **Redemptions**
- **Executive Summary**
- **Narrative & interpretive content to provide context**
- **New tables & graphs for deeper analysis**

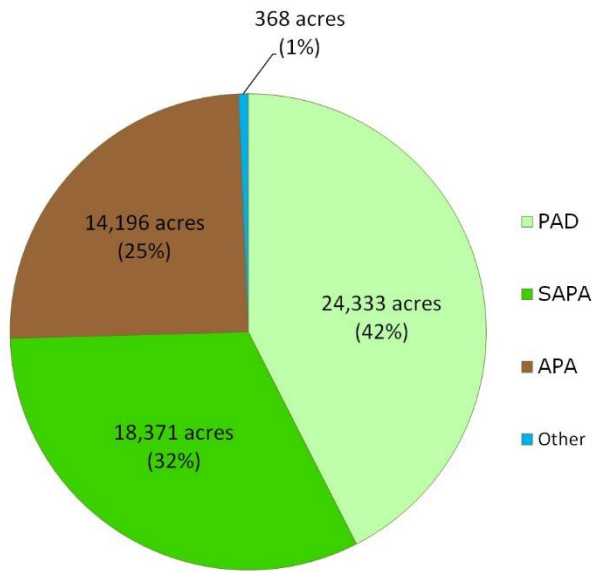
FY22 Allocations

- Total number of allocations & number of PDCs allocated were comparable to FY 2021
 - FY 2021: 26 allocations, 49.75 PDCs (199 rights)
 - FY 2022: 22 allocations, 53.75 PDCs (215 rights)
- Typical of last 15 years
- 16,880 rights allocated since program inception
- 12,006 “active” rights
 - Not expired
 - Initial if not amended
 - Amended
 - Severed



FY22 Severances

FIGURE 2
PINELANDS DEVELOPMENT CREDIT PROGRAM
LANDS PRESERVED BY MANAGEMENT AREA
THROUGH FISCAL YEAR 2022



Total: 57,268 acres

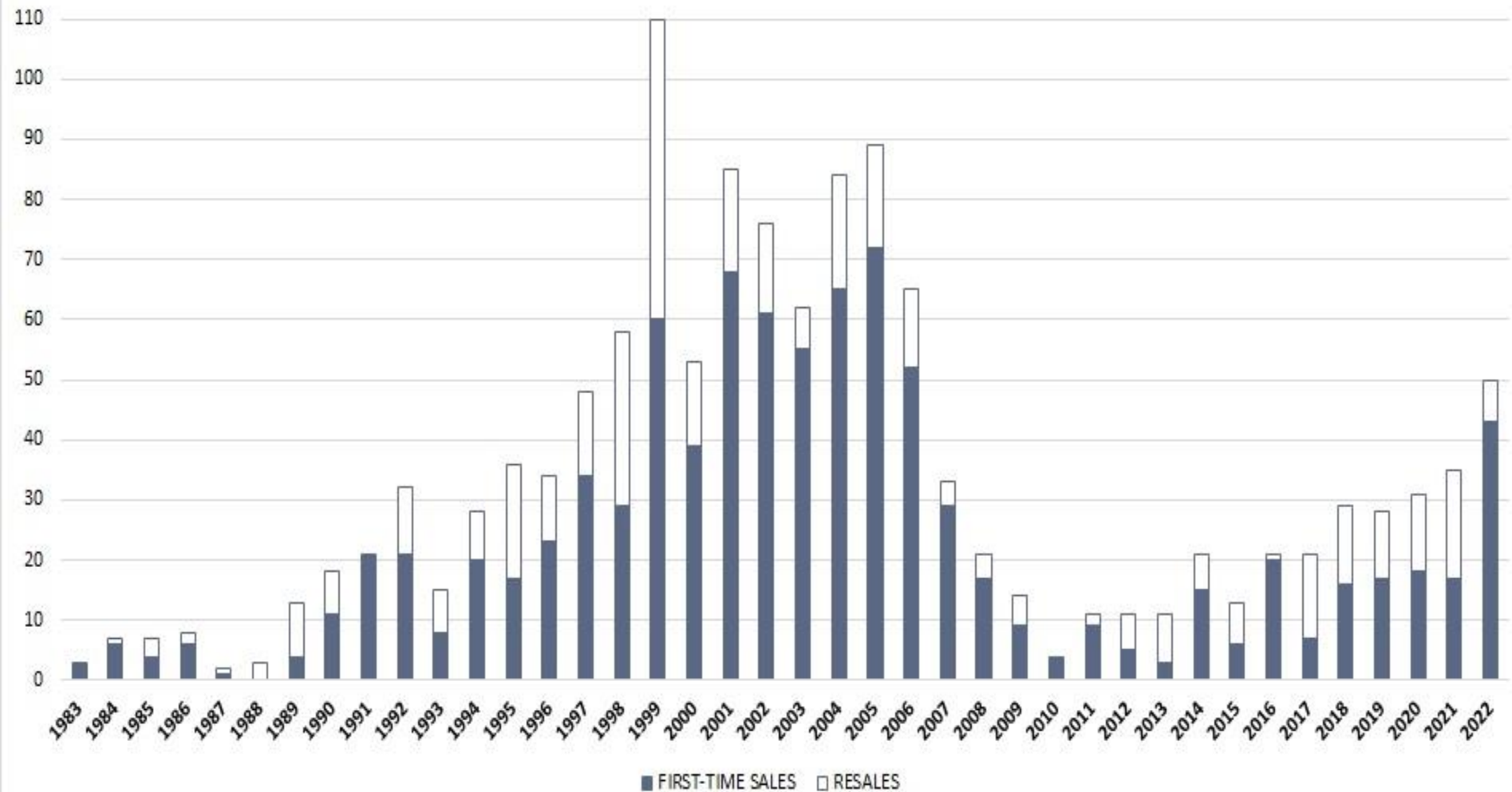
- PDC Severance activity remained high, increased relative to FY 2021
- FY 2021
 - Total severances: 4
 - PDCs severed: 18.25
 - Acres preserved: 559.22
- FY 2022
 - Total severances: 7
 - PDCs severed: 40.25
 - Acres preserved: 1,316.86
- More than four times as many PDCs have been severed in the first three years of the 2020s than in all the 2010s
 - 2010s – 30.00 PDCs
 - 2020s – 128.25 PDCs

FY22 Sales

- Data reflect only “arm’s-length” transactions
 - First-time sales
 - Resales
- FY 2022 saw an increase in PDC sales transactions, driven by first-time sales
 - 43 first-time sales
 - 7 resales
- FY 2022 also saw a decrease in:
 - Total PDCs sold (34.50 PDCs)
 - Average number of development rights per transaction (2.76 rights)

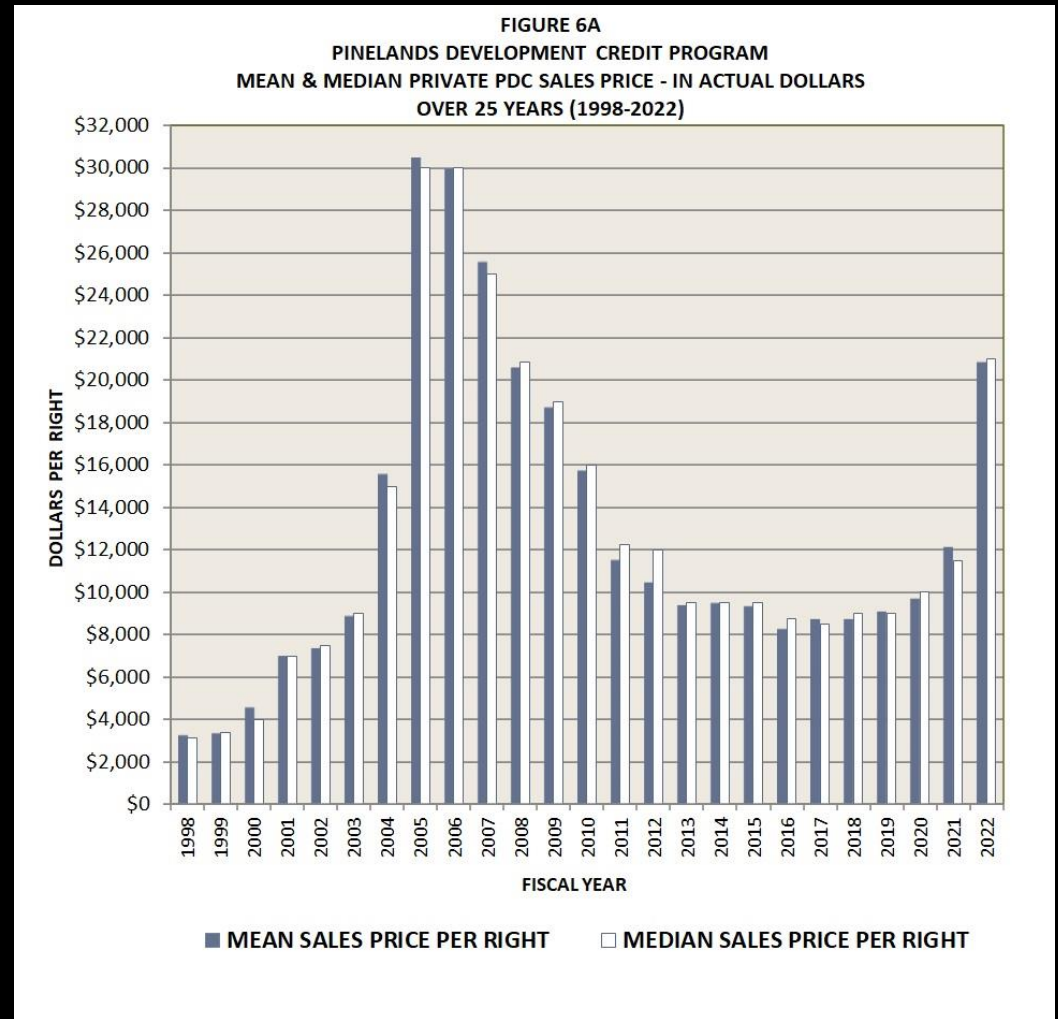
FY22 Sales

FIGURE 5A
PINELANDS DEVELOPMENT CREDIT PROGRAM
PDC SALES TRANSACTIONS PER FISCAL YEAR



FY22 Sales Prices

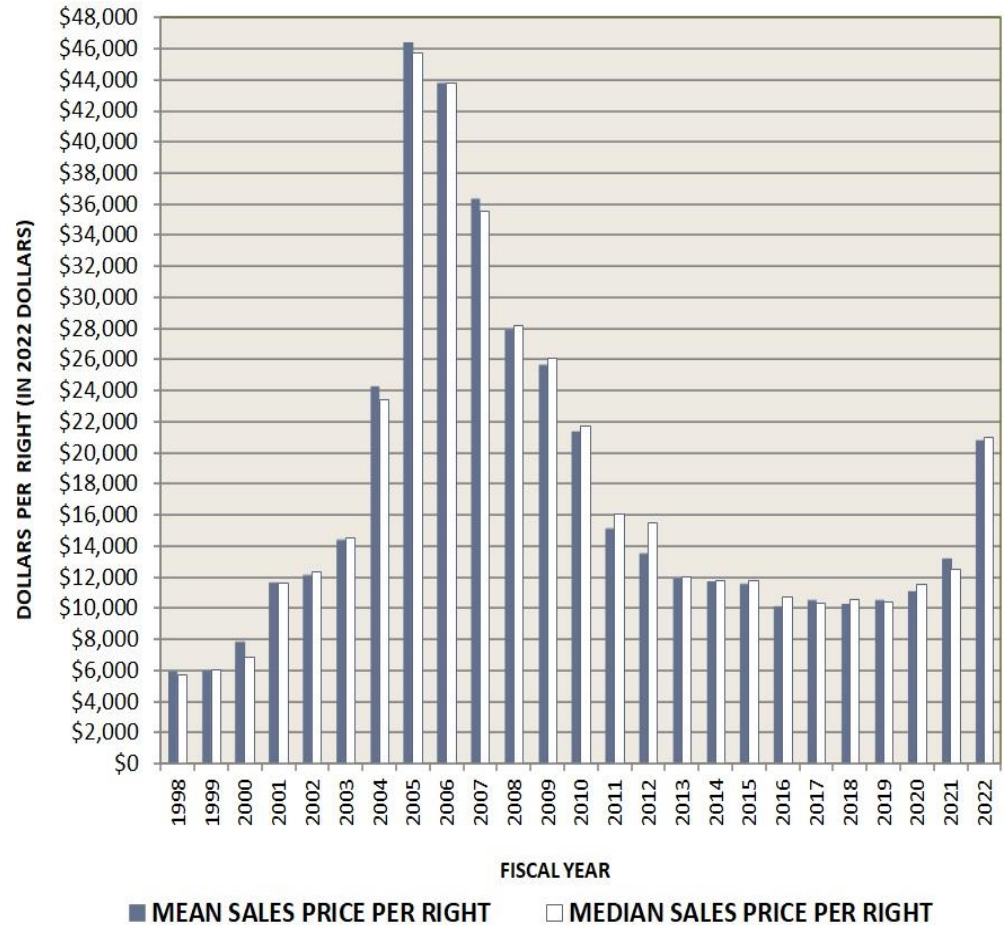
- Between FY 2021 and FY 2022, the average sales price of a development right nearly doubled
 - FY 2021: \$12,165
 - FY 2022: \$20,862
- First time since 2008 mean sales price was above \$20,000



FY22 Sales Prices

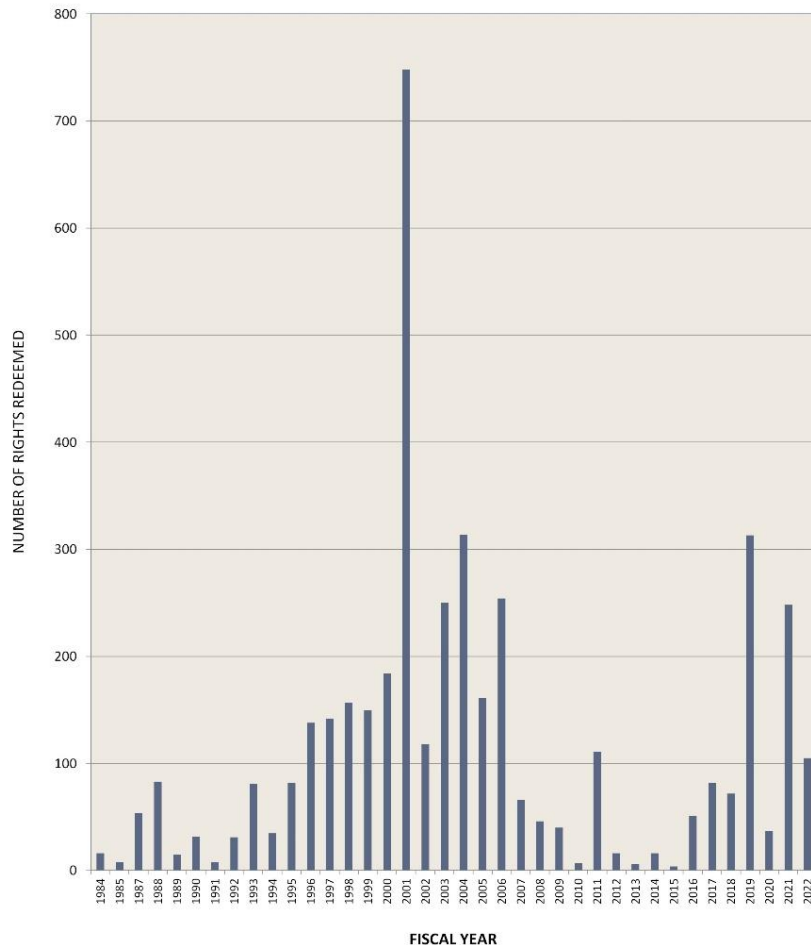
- When adjusted for inflation, FY 2022's mean & median prices were just above the 25-year average (~\$17,400)
- Less than half of all-time highs of mid-2000s

FIGURE 6B
PINELANDS DEVELOPMENT CREDIT PROGRAM
MEAN & MEDIAN PRIVATE PDC SALES PRICE - ADJUSTED FOR INFLATION
OVER 25 YEARS (1998-2022)



FY22 Redemptions

FIGURE 7
PINELANDS DEVELOPMENT CREDIT PROGRAM
RIGHTS REDEEMED THROUGH FISCAL YEAR 2022



TOTAL RIGHTS REDEEMED TO DATE: 4,281

1) One transferable development right equals one-quarter Pinelands Development Credit (PDC).
2) Rights redeemed at the Pinelands Development Credit Bank.

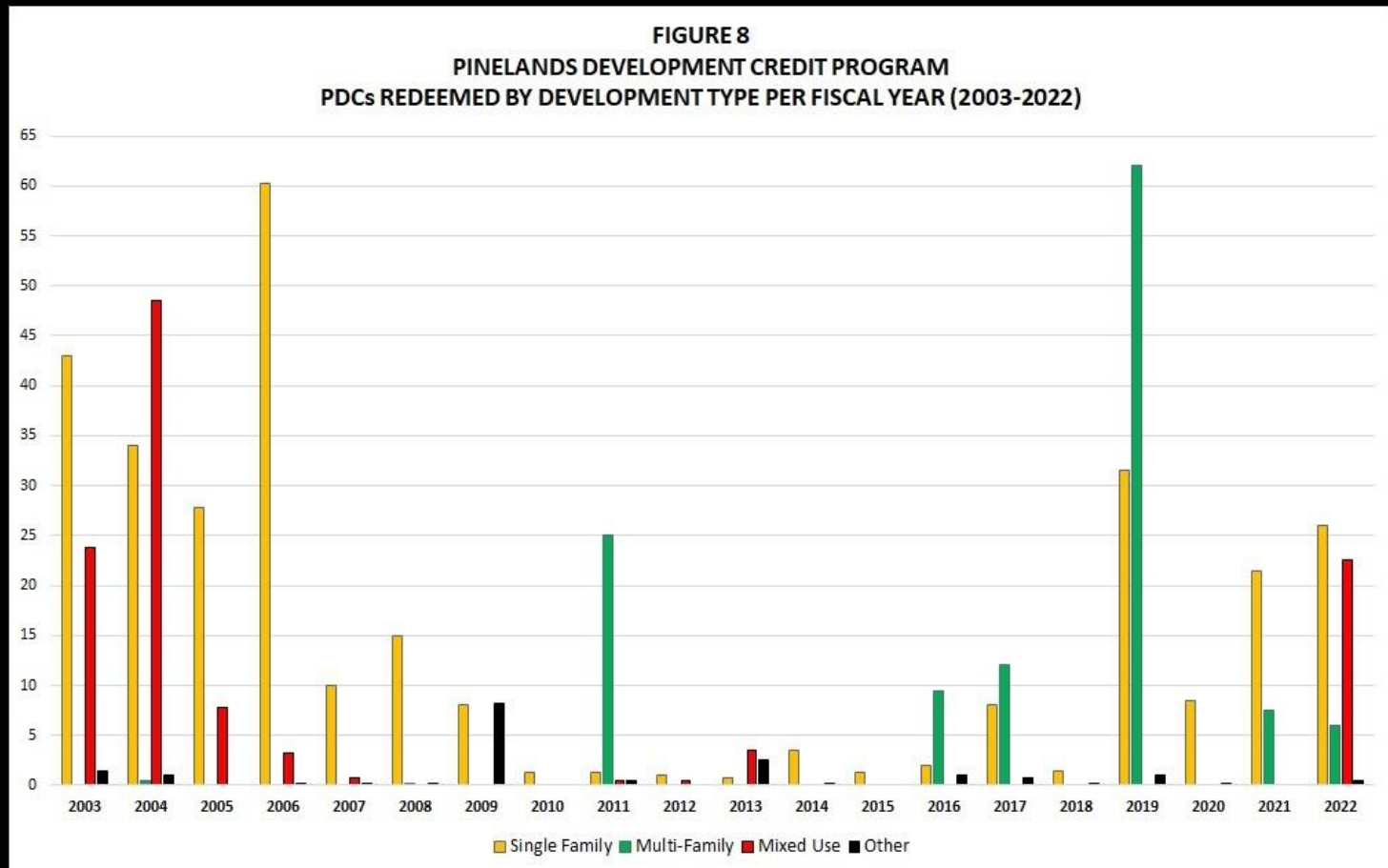
- **FY 2021:**
 - 62.00 PDCs (248 rights) redeemed
 - 21 applications
- **FY 2022:**
 - 26.25 PDCs (105 rights) redeemed
 - 17 applications

PDC Redemptions

- To date, 4,513 rights have been redeemed
 - 2,500 (55%) Residential density bonus
 - 669 (15%) Mandatory minimum % of units
 - 550 (12%) Use variances
 - 286 (6%) Undersized lots
 - 233 (5%) Waivers of Strict Compliance
 - 27 (0.5%) Floor Area Ratio (FAR)
 - 253 (5.5%) Other

Development Types

- Since 2003, over half of all PDC redemption has occurred in association with single family residential development
- Use of PDCs in multi-family residential projects (townhomes, apartments) has increased in recent years



PDC Supply and Demand

- Original CMP: Opportunities for use of PDCs in RGAs should be twice the number of PDCs that could be allocated to sending area properties. Reflects optional nature of bonus density.
- 2000 Supply reductions: PDC Special Purchase Program & retirement of PDCs
- 2002 Demand reductions: authorized reductions in RGA residential zoning capacity in higher density municipalities
- 1988-2012 Demand enhancements: mandatory PDC use for variances in RGAs, Towns and Villages, waivers, assisted living facilities and solar energy facilities

PDC Supply and Demand

- Other factors affecting PDC supply and demand
 - State land acquisition
 - State/County farmland preservation programs
 - Management area boundary changes
 - Development in sending areas
 - Low density development in receiving areas
 - High bonus density thresholds
 - Housing market
 - Redevelopment plans and affordable housing obligations
 - Adoption of mandatory PDC requirements
 - Education and outreach

Active PDC Supply

- 105.75 PDCs (423 rights) on Sellers List
- 189 PDCs (726 rights) not on Sellers List
 - Includes 23.75 PDCs owned by the PDC Bank
- 24 PDCs (96 rights) encumbered
- 27 PDCs (108 rights) already acquired for current projects

TOTAL: 345.75 PDCs (1,383 rights)

Active PDC Demand

- Applications completed 1/1/2015-9/30/2022:
 - 85 applications with PDC requirements
 - 2,479 dwelling units
 - 13 nonresidential projects
 - 178 PDCs (712 rights) required
 - 104 PDCs (416 rights) redeemed
 - 74 PDCs (296 rights) needed

Active PDC Demand

September 2022

PDC Reason	Rights Required	Rights Redeemed	Rights Needed
Density bonus	115	53	62
Mandatory %	482	325	157
Use variance	57	15	42
Undersized lot	18	5	13
Waiver	30	14	16
FAR	4	4	0
Other	6	0	6
Total	712	416	296

PDC Supply and Demand Estimates

	Supply		Demand	
	PDCs	Rights	PDCs	Rights
1981	7,500	30,000	17,500	70,000
1991	5,625	22,500	11,550	46,200
2002	4,500	18,000	9,750	39,000
2009	1,650	6,600	1,275	5,100
2021	2,000	8,000	TBD	TBD

Jordan Howell Recommendations

- Plan for future land limitations in order to maintain marketplace
 - Require PDC use by a wider variety of uses, such as nonresidential uses, infrastructure and publicly funded projects
 - Provide financial incentives to encourage landowners to sever (and sell) their PDCs
 - Expand the source of PDCs by phasing in the designation of new sending areas, such as the Pinelands Forest Area
- Enable the PDC Bank to take on a more active role
 - Serve as a clearinghouse (intermediary) to facilitate and guarantee sales
 - Streamline administrative procedures