

# PDC Enhancements: Update

P & I Committee

7/29/16

# PC Proposal Summary

- Residential :
  - Implement required use of PDCs with a **sliding scale** of from 5% to 50%
  - Minimize the PDC requirement at high densities to avoid unnecessary burdens for smaller units and affordable housing (5%)
  - **Exempt affordable units** from the PDC obligation
  - **Enhance flexibility** to enable builders to better approach zone capacity with:
    - Smaller minimum lot sizes,
    - Use of townhouses and apartments at higher density zones, and
    - Strengthened PC scrutiny on municipal development standards  
**Remove the density cap** so that municipalities can work with developers and better address affordable housing and redevelopment.
  - Utilize current zoning, and require no new housing bonus mandate.
  - Treat **Pinelands Town Management Areas** the same as RGAs.

# Proposal (cont.)

- Relief Mechanisms:
  - Require only 1 right for all minor development ( $\leq 4$  dus) instead of imposing the sliding scale percentage.
  - Relieve lots constrained by substantial wetlands, etc. by reducing the %PDCs by 25%.

# Proposal (cont.)

- Non-residential:
  - Impose **no commercial obligation**.
  - Permit municipalities to shift PDC obligations to non-residential as an option.
- Supply Bottleneck:
  - **Defer action** on adding PDCs to the current supply to an unspecified point in the future if and when needed.
  - Defer the option to replace PDCs with an equivalent financial contribution to the PCF if PDCs are demonstrated to not be available to an unspecified point in the future if and when needed.

## NJBA Example (312 apartment units)

- **Under current CMP**
  - Percentage PDCs: 16%
  - Rights: **50**
  - Cost: **\$500,000**
- **Using New Sliding scale**
  - Percentage PDCs: 35%
  - Rights: 110
  - Cost: \$1,100,000
- **With New Affordable Housing Exemption**
  - Percentage PDCs: 31%
  - Rights: 95
  - Cost: \$950,000
- **With New Constrained Lot Reduction**
  - Percentage PDCs: 26%
  - Rights: **71**
  - Cost: **\$710,000** (Net over current = \$210,000)

## 2. Geneanna Development

App. No. 1995-1176.003

Winslow Township – PR-2 Zone

0.7 du/ac Base, 1.45 du/ac PDC

Proposed 83 SF Detached Units on 64.5 acres

Proposed density is 1.29 du/ac

20% mandatory affordable housing



### Current PDC Program

- Of the 83 total units:
  - Base units: 45
  - PDC units: 38

### Proposed PDC Enhancements

- 1.29 du/ac = 50% PDC obligation

Required PDCs: **9.5** (38 rights)

Required PDCs: **10.5** (42 rights)

## 2. Geneanna Development

App. No. 1995-1176.003

Winslow Township – PR-2 Zone

0.7 du/ac Base, 1.45 du/ac PDC

Proposed 83 SFDetached Units on 64.5 acres

Proposed density is 1.29 du/ac

20% mandatory affordable housing



### Current PDC Program

- Of the 83 total units:
  - Base units: 45
  - PDC units: 38

### Proposed PDC Enhancements

- 1.29 du/ac = 50% PDC obligation
- 20% affordable housing (-1.25 PDCs)

Required PDCs: **9.5** (38 rights)

Required PDCs: **8.5** (33 rights)

## 4. Village Grande at English Mill

App. No. 1983-6164.007

Egg Harbor Township – RG-3 Zone

2.25 du/ac Base, 3.75 du/ac PDC

Proposed 397 Units on 173.7 acres

Proposed density is 2.28 du/ac

20% (minus wetlands and basins) for open space



### Current PDC Program

- Of the 397 total units:
  - Base units: 390
  - PDC units: 7

### Proposed PDC Enhancements

- 2.28 du/ac = 45% PDC obligation

Required PDCs: **1.75** (7 rights)

Required PDCs: **44.75** (179 rights)

# Hypothetical

Egg Harbor Township – RG-2 Zone  
2 du/ac Base, 3 du/ac PDC  
Proposed 42 Units on 18.5 acres  
Proposed density is 2.27 du/ac  
20% for open space



## Current PDC Program

- Of the 42 total units:
  - Base units: 37
  - PDC units: 5

## Proposed PDC Enhancements

- 2.27 du/ac = 45% PDC obligation

Required PDCs: **1.25** (5 rights)

Required PDCs: **4.75** (19 rights)

# Hypothetical

Egg Harbor Township – RG-2 Zone  
2 du/ac Base, 3 du/ac PDC  
Proposed 42 Units on 18.5 acres  
Proposed density is 2.27 du/ac  
20% for open space



## Current PDC Program

- Of the 42 total units:
  - Base units: 37
  - PDC units: 5

Required PDCs: **1.25** (5 rights)

## Proposed PDC Enhancements

- 2.27 du/ac = 45% PDC obligation
- Constrained lot = 25% PDC reduction (-4 rights)

Required PDCs: **3.75** (15 rights)

# Meeting Summaries

## **NJ Farm Bureau – July 26th**

- Overall, very positive about the Commissions attitude and movements to enhance the PDC program.
- Will review the proposal with growers and provide feedback prior to September 1
- Not too concerned with other interested parties' feelings towards the program but want it to “work”

## **NJ Builders Assoc. – July 27th**

- Still opposed to what amounts to as an “open space tax”, i.e. the mandate
- Insistent that higher densities/flexible bulk standards will “fix” the program despite consistent avoidance of building over base densities in past
- Wants to help strengthen the PDC Bank

# NJBA Proposed PDC STRATEGY :

## Creigh Rahenkamp 7-27-16

- PLAN B: WITHOUT COMPREHENSIVE PLANNING RE-ASSESSMENT
  1. **ELIMINATE THE CAP**: Starting with base densities that currently exist, eliminate the upper cap on the use of PDC's.
    - Initial Comment: very difficult to implement with Municipalities  
While builders would accept a cap, the current 50% PDC bonus is insufficient for product like townhouses and apartments.
  2. **ADOPT BULK/DESIGN REQUIREMENTS AT THE COMMISSION /PLAN LEVEL FOR USE BY PDC DEVELOPMENTS**: If you buy PDC's you can opt in to the standards
    - Initial Comment: Staff have proposed a local version of this, but it does not go as far enough.

# NJBA Proposed PDC STRATEGY :

## Creigh Rahenkamp 7-27-16

### 3. CREATE A RIGHT OF APPEAL TO COMMISSION:

- Initial Comment: conceivable, perhaps through the CMP call-up procedure.

### 4. "MEND/ FIX/FUND THE BANK: . . .to function properly as a "central bank" for the PDC currency

- Initial Comment: We support legislative changes to the Bank.

### 5. FAIR PDC COST: Develop a sliding scale related to lot size/product type achieved.

- Initial Comment: The sliding scale using % does something similar assuming product is associated with density (e.g., townshuses are associated with higher densities which require

- Builders' Example:
- Actual project currently under construction
- 312 unit apartment complex
- Winslow Township, NJ
- Apartment Project in the PR-4 zone

Density

Base Density = 2.6 du/ac  
 Max permitted Density with PDC's = 5.25

du/ac  
 12.5 Credits is equal to 50 PDC rights. Each right might cost \$10,000 for a total cost of \$500,000, or \$1600/unit and 1.1% of a unit's cost

Currently proposed = 3.1 du/ac

Current PDC Program Cost:

Currently requires: 12.5 PDC credits

**(Actually 50 rights, 16%)**

Current Cost = \$ 10,000 per credit x 12.5 = ~~\$125,000~~ (\$500,000)

Proposed Mandatory PDC Cost:

312 unit apartment project on 100.84 acres

Density = 3.1 du/acres = Sliding Scale units requiring PDC's = **35% (or 110 rights)**

Less than 2.3% of a unit's cost and only on the 272 market rate units

\$10,000/right = (35% x \$10,000) = \$3,500 per unit

\*80% or 272 market rate units, \$952,000

Proposed Total Cost = \$3,500/unit x 312 units = ~~\$1,092,000.00~~ (\$952,000 or **95 rights**)

\$452,000 without taking advantage of any of the relief provisions presented to the builders

Difference with mandatory PDC's = ~~\$-967,000.00~~ **\$452,000**

**Note:** While the builders presentation ignored the relief provisions of the proposed new rule; the constrained parcel relief, for one, would reduce the required PDCs to **26% and 71 rights**. This equates to \$2600/unit, less than 1.7% of the unit's cost.