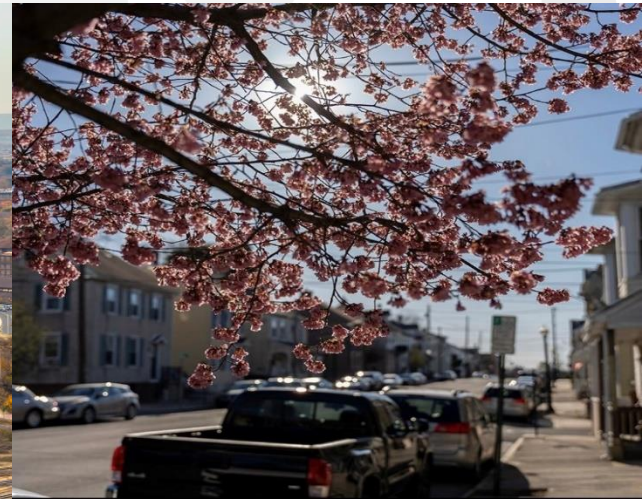




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# City Housing Needs Assessment and Strategic Plan Bethlehem, PA

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# Agenda

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- Review of Study Goals
- Review of Approaches to Create & Preserve Affordable Housing
  - Partnerships with public housing authorities
  - Partnerships with universities and hospitals
  - Affordable housing overlay districts with developer incentives
  - Accessory dwelling units
  - Other alternative housing models
  - Assistance to non-profit developers
  - Regional Housing
- Questions & Discussion
- Next Steps

# Housing Plan Goals

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To develop a housing strategy that:

1. Is grounded in a data-informed understanding of housing needs and current market conditions - local, regional, and national market trends.
2. Factors in the economic, fiscal, and political realities that define the City's scope of action and influence in the housing market.
3. Will make the most progress for the most people possible given prevailing market conditions and City capacity.



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# Strategies to Create/Preserve Affordable Housing

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# Types of Partnerships

- Large-scale redevelopment with Public Housing Authority requiring mixed finance
- Employer-assisted housing programs, with down payment and closing cost assistance
- Community development activities led by university or hospital system (rehab, counseling, façade improvements, homebuyer program)
- Campus expansion with housing development
- H3C – Healthy Housing, Healthy Communities Partnership Pilot Program



\* Public Housing Redevelopment in Norwalk, Connecticut

# Partnership with Public Housing Authority

- Public Housing Authorities and their affiliated nonprofit development corporations often partner with a city for new mixed-income and affordable housing.
- They have access to a variety of funding sources (Capital Funds, Project-Based Vouchers, LIHTC & RAD) and may have available land and/or aged housing stock requiring rehabilitation.
- Ability to partner with a developer to do mixed-finance development, combining public housing funds, tax credits, private equity and vouchers to create mixed-income and mixed-use housing.
- May also engage in redevelopment activities that do not include public housing, including affordable homeownership and commercial development.



## Redevelopment of Sharswood Blumberg Public Housing, Philadelphia

- Demolish 500 dated public housing units and build 1,200 units of market-rate, workforce, affordable and homeownership units integrated throughout the neighborhood
- \$53 million mixed use-development including apartments, grocery store, health center and additional retail
- Combination of Choice Neighborhood Funds, PHA funds, tax credits, city and state grants and private equity.
- Partnership with Pennrose Development, Hunt Companies, Temple University, Habitat for Humanity and multiple foundations



# Partnerships with Institutions

- Large employers who are bound to a certain location, like universities and hospitals, have a vested interest in their community.
- In many redevelopment initiatives, these institutions become key local partners, meeting their goals while collaborating with the city.
- The institution may have resources (e.g. land, funding) they wish to combine with public resources for greater impact.
- They may also provide funding for programs specific to their employees and stakeholders.



\* Hospital-built housing for employees in Nantucket



## Employer-Assisted Homeownership Program, University of Pennsylvania

- Forgivable Loan Program and Closing Cost Reduction Program
- Reserved for faculty and staff of the university or hospital system that have at least 3 years of service
- Partner with Allied Mortgage Group for lending; university as guarantor
- Partner with neighborhood non-profits and City to rehabilitate homes and provide housing counseling services
- Applicable to homes within a 25-block radius of the campus





## University-Sponsored Senior Housing Academy Village, Tucson, AZ

A 55+ active adult community containing 264 homes which are resident-owned.

Allows seniors to “age in place” once they arrive – traditional homeownership – independent living with supportive care ---- and nursing home as components of the development.

Emphasizes wellness and continued learning using the University of Arizona resources.

Monthly dues are \$195 per lot, which includes amenities such as access to the University of Arizona’s library system, free public access to onsite concert and lectures, community center, fitness classes and gym, heated pool and spa, tennis courts, and a swimming pool.

# Description of Incentives

Tool	Description
Landlord Incentives	Provide financial incentives for landlords to keep rents stable and/or accept Housing Choice Vouchers
Developer Incentives	Provide one or more incentives to developers to build, substantially rehabilitate or preserve housing affordable to low-and-moderate income households
Affordable Housing Overlay Districts	Apply incentives to a defined area of the city that may include access to grant funding, reduced or waived permitting fees, city support for projects, match grant commitments, and/or streamlined approval for affordable housing projects
Housing Trust Funds	City builds a Housing Trust Fund using specified and continual revenue source



## Developer Incentives Ledbetter Heights, Shreveport

- City of Shreveport initiated a large-scale development on the downtown fringe through an RFQ for a development team
- In partnership with the Public Housing Authority (PHA), City offered land it acquired strategically for redevelopment, CDBG funding, Project-Based Vouchers, and support from the Mayor's Office for competitive bids for tax credits
- Received responses from national development teams specializing in mixed-use affordable housing development
- In exchange for public support, the City and PHA required robust community engagement including charrettes and resident preference surveys along with significant affordability of future units

# Affordable Housing Overlay District

- A layer of standards which provide incentives for developers to build affordable or population-specific housing.
- The incentives may include one or more of the following: access to funding or financing; increased density; increased height allowances; lower parking requirements; by-right zoning; project permit and approval streamlining; impact fee deferrals or waivers; or allowing housing in non-residential zones.
- Can apply to existing zoning, as an “overlay” applicable to specific projects
- A housing overlay ordinance should have a defined geographic area, a threshold for how many affordable units will qualify for the incentives, and description of incentives.



## Affordable Housing Overlay Cambridge, MA

- Affordable housing development was not feasible in Cambridge based on land and development costs and land use requirements.
- To incentivize affordable housing development, offered density bonuses, parking waivers, and streamlined permitting process.
- Affordable Housing Overlay Design Guidelines prescribes how proposed developments must integrate with surrounding neighborhood.
- Advisory Design Consultation Procedure with required community meetings, presentation to Planning Board and design revision



t on a vacant lot with on-site parking.

## Housing Trust Fund Charlotte, North Carolina

- Created a City-managed Affordable Housing Trust Fund in 2001 to provide financing to developers for affordable housing through voter-approved housing bonds.
- The program is funded periodically through voter-approved bonds.
- Housing Trust Fund dollars are provided as gap financing. The City will typically fund up to a maximum of 50% of eligible unit per square foot cost.





# Accessory Dwelling Units (ADUs)

- Includes a variety of types: granny flats, basement apartments, garage apartments, carriage houses, etc.
- Growing trend nationally because of high development costs for large multi-family developments and new cheaper building technologies for smaller homes.
- Not necessarily “affordable” unless stipulated in grant/loan.



# ADUs in Practice

- Many cities and states have adopted ADU Programs to increase the supply of affordable housing without relying on large developers.
- With thoughtful planning, can create neighborhood environment similar to pre-1950s when ADUs were common.
- With modular development, costs per unit are often much lower than traditional multi-family development (e.g. \$250,000 per unit vs. \$85,000 per unit)
- A good option in areas with limited land available for larger development
- Cities may promote an ADU Program by establishing clear guidelines, partnering with a modular manufacturer to develop plans that meet design standards, waiving certain fees, and/or partnering with a lender to provide financing.
- Can be driven by individual homeowners and/or nonprofit developers as a “scattered site” development.

# ADUs

## Portland, Oregon

- Homeowner as property owner with income generation
- Creating backyard cottages using pre-approved designs with City
- City manages an ADU Program with staff resources and waivers for affordable rental housing
- BackHome ADU and Craft3 provide low interest loans (3.5%) for 240 months for \$130,000, or \$772 per month to homeowners
- Homeowners have option to partner with non-profit developer for development, with no cost and a portion of revenue stream





# ADUs – Homes for Sonoma Organization

- No cost to owner
- Nonprofit enters ground lease agreement with homeowner to use portion of back yard.
- Nonprofit builds the ADU and has a property management company oversee maintenance.
- Homeowner may choose from a selection of pre-qualified tenants.
- Homeowner receives a portion of cash flow
- Homeowner takes full possession of unit at end of term or if they opt to buy out beforehand.



# Repurposed Buildings

## Pancrattia Hall Dormitory Denver, CO

- Adaptive reuse of vacant former college dormitory and boarding school for Catholic girls. Westside Investment Partners purchased the building, within a 75-acre parcel from Colorado Heights University.
- Building transformed into a 72-unit affordable multi-family project targeting families with incomes between 30% to 80% AMI
- Sponsored by private developer, Denver Housing Authority, and City and County of Denver
- Funded by 4% tax credits, bonds, FHA-backed loans, tax abatements, Housing Authority



## Tiny Homes: The Cottages at Hickory Crossing DALLAS, TX

- Developed by non-profit, CitySquare
- 50 Units of Permanent Affordable Housing (PSH)
- Each unit is 350 square feet
- The Cottages are across the street from the CitySquare Opportunity Center
- Onsite medical and mental health services are provided for all residents, reducing higher cost interventions and creating a savings for local government
- Cost at about \$50,000 per unit with LEED Certified Efficiency Design Standards chosen.





# Middle Housing

- Smaller multi-family buildings, duplexes, triplexes, 4-plexes, cottage courts
- Works in areas with limited land for larger developments, relies on “infill” development
- Challenge to do smaller developments or scattered site development (more per unit for due diligence, predevelopment costs, construction maintenance, etc.)
- Attracts smaller developers with additional incentives like Project-Based Vouchers



# Standard Design – "Bungalow Court"

## Typical Specifications

Lot	Front-loaded	Alley-Loaded
Width*	115-160 feet	100-150 feet
Depth*	100-150 feet	100-150 feet
Area*	11,500-24,000 sq. ft. 0.26-0.55 acres	10,000-22,500 sq. ft. 0.23-0.52 acres
Units		
Number of Units	5-10	5-10
Typical Unit Size	500-800 sq. ft.	500-800 sq. ft.
Density		
Net Density	13-38 du/acre	19-44 du/acre
Gross Density	10-20 du/acre	15-31 du/acre
Parking		
Parking Ratio*	1-2 per unit	1-2 per unit
On-street Spaces	5-7	5-7
Off-street Spaces	1 per unit max.	1 per unit max.



Union Studio. U.S. Department of Housing and Urban Development, Washington, D.C.  
Accessed October 24, 2016.

[https://www.huduser.gov/portal/casestudies/study\\_07022012\\_1.html](https://www.huduser.gov/portal/casestudies/study_07022012_1.html)



# Nonprofit Capacity Building

Tool	Description
Technical Assistance to create a Housing Trust	A Housing Trust is a legal structure in which homes remain affordable in perpetuity with limits to price increases established in the deed. They are generally led by a community nonprofit who builds or substantially rehabilitates homes within a designated area, then sells the home while maintaining a ground lease and lien with affordability stipulations.
Predevelopment Financing	Nonprofit developers typically do not have the capital to pay for the hefty predevelopment costs associated with Low-Income Housing Tax Credit developments or larger projects. Providing predevelopment financing (that can be repaid at closing or convert to permanent debt) will assist nonprofit developers secure financing needed for 30+ unit affordable rental projects.
Professional Services (legal, architectural, grant writing)	There are few nonprofit affordable housing developers in the Lehigh Valley, and current organizations have noted limited resources to pursue additional projects or enact new programs.

## Housing Trust Dudley Street Neighborhood Initiative, Boston

Community-driven program to revitalize neighborhood, build affordable homeownership in vacant lots, and mitigate potential gentrification.

Housing Trust holds ownership of the land and sells the property to a low/mod income homeowner with deed restrictions.

Homes sold cannot be resold for huge price gains. Appreciation capped at 0.5% per year for first 10 years, 5% after that.

During foreclosure crisis, only 0.4% in foreclosure compared to 4.6% in market.

More than 225 homes constructed, along with retail corridor, gardens, and senior apartments.



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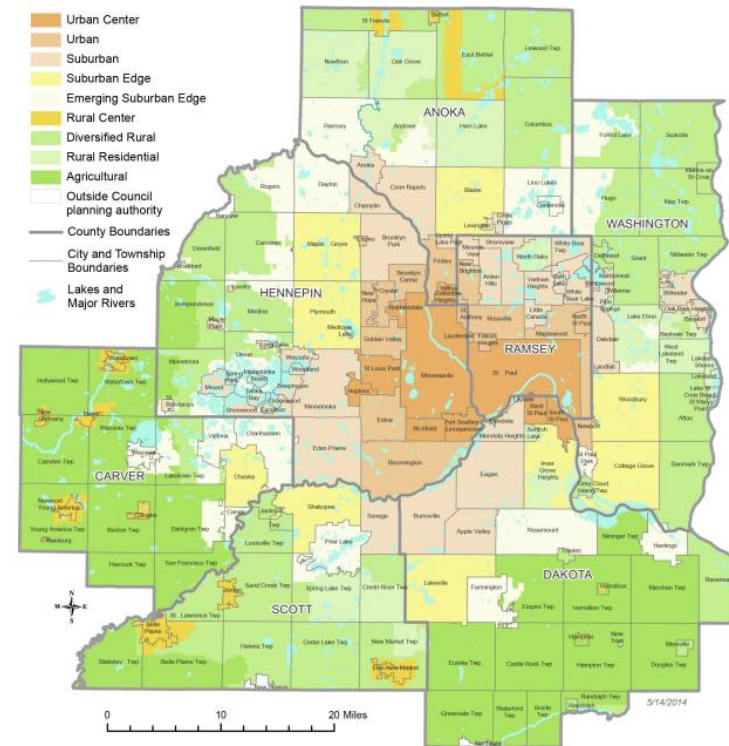


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# Regional Planning

## Metropolitan Council, Twin Cities

- Beginning in the 1970s, considered the first regional planning effort with power to enact policies and investment decisions
- Regional planning through the 7-county Metropolitan Planning Organization (MPO) that oversees DOT investments
- Metropolitan Land Planning Act (State statute) gives authority to Council to require 10-year comprehensive plans aligned with regional plans and in coordination with neighboring jurisdictions
- Council designates strategic land use designations throughout the region to guide transportation funds and other grants



## Transit-Oriented Development Cleveland Health Line

- The HealthLine is one of the first streets in the world to repurpose four general traffic lanes into two lanes for cars and two dedicated to buses.
- High volumes of cars were replaced by high volumes of public transit riders with an added bonus of a dedicated space for biking and bike lanes
- Morrison and champions of the development potential around the BRT stations (mainly coming from Cleveland State University's [Maxine Goodman Levin College of Urban Affairs](#)), could point to a [2015 report](#) that estimated the Euclid Corridor and the HealthLine served as the springboard for \$4 billion in new development.
- While the bulk of the transit-oriented development (TOD) project came from hospital facilities, recent infill development on Euclid has included residential projects and substantial commercial office space.
- New development estimated at \$4 billion over a 15-year period.





## Communities outside Pennsylvania can implement:

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**Rent Control:** 1) Limit how much a landlord can increase rent for a tenant or 2) Limit how much a landlord can increase rent for a unit

**Inclusionary Zoning:** Require new development to include units affordable to moderate income households

**For-cause lease termination:** Limit the circumstances in which a landlord can terminate a lease to significantly increase rents

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## To do this Pennsylvania would need to:

- Change state law and the Municipal Planning Code, something advocacy groups and elected leaders have long lobbied for.
- The State Legislature has little appetite for updating the code, which limits what cities can do to address the housing affordability shortage.

# Housing Plan Goals

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1. Is grounded in a data-informed understanding of housing needs and current market conditions - local, regional, and national market trends.
2. Factors in the economic, fiscal, and political realities that define the City's scope of action and influence in the housing market.
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# Questions & Discussion

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# Next Steps

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- Gather Input from Housing Committee
- Draft Housing Strategy Document in Consultation with:
  - Housing Committee – made up of local housing stakeholders to provide key insights into strategy identification, feasibility, selection and geographic differentiation
  - City of Bethlehem Department of Community and Economic Development
- Final Housing Strategy Roll-Out in Late Spring



# Study Team Contact Information

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