

CITY OF BETHLEHEM, PA
Pathways to Removing Obstacles to Housing (PRO Housing)
(HUD Program Year 2023)

Jurisdiction(s): City of Bethlehem, PA

Website: <https://www.bethlehem-pa.gov/>

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The City of Bethlehem, PA (City), is applying for Housing and Urban Development funding through the Pathways to Removing Obstacles to Housing program (PRO Housing). The City is requesting nearly \$10,000,000 in funds to implement the Opening Doors: Strategies to Build Housing Stability in Bethlehem plan.

Public Comments

The public comment period for this Amendment runs from October 10, 2023, to October 25, 2023. The City will address and incorporate any public comments received during the public Comment Period. Public hearings will be held at 7:00 p.m. on Tuesday, October 17, 2023 (during the City Council meeting), and Friday, October 20, 2023 at 11:00 a.m. Both hearings will be held in Town Hall, 10 East Church St, Bethlehem, PA 18018.

Translation Services; Accessibility/Reasonable Accommodations.

If you are in need of translation services or other reasonable accommodations related to viewing, reading, or commenting on this Amendment, or attending/listening to the above-referenced public hearing, please contact Trevor Gross at tgross@bethlehem-pa.gov or 610-865-7085 at least three (3) days prior to end of the public Comment Period or before the public hearing, as applicable. City Hall and Council Chambers (Town Hall Rotunda) are wheelchair accessible. Special parking is available at the primary entrance to City Hall at 10 East Church Street, Bethlehem, PA 18018. This notice is issued in accordance with CDBG and other applicable laws and regulations. The City of Bethlehem is an equal opportunity employer and does not discriminate on the basis of disability in the administration of, access to, treatment of, or employment in its programs, activities, or public meetings. The public hearing will be held in compliance with applicable fair housing and civil rights laws and requirements.



2023

HUD PRO- HOUSING GRANT

DUE DATE :
October 30, 2023

PROPOSED BY :
The City of Bethlehem



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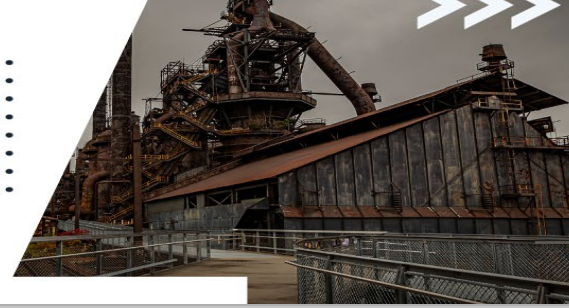


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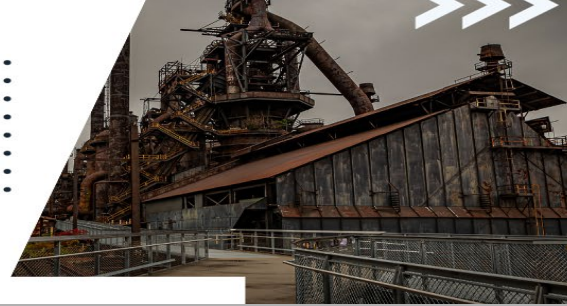


Exhibit A: Executive Summary

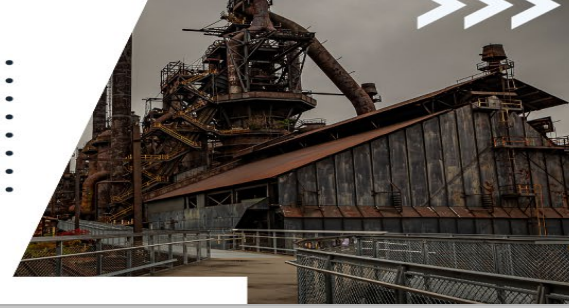
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Executive Summary

Like many cities around the country, Bethlehem is in an affordable housing crisis. In the case of Bethlehem, a city with unique social, cultural, and historical significance, ensuring the availability of affordable housing is particularly important to maintain the vitality and inclusivity of the community. Affordable housing allows residents to continue living and contributing to the city's rich heritage while ensuring that housing remains affordable and accessible to all segments of the population. Growing housing insecurity in Bethlehem is causing the city's socioeconomic diversity to dwindle, making it imperative the city create and preserve affordable housing to maintain the community's diverse socioeconomic mix. Affordable housing allows people from different income levels to live in the same area, fostering social integration and reducing the concentration of poverty in specific neighborhoods. This diversity contributes to a more vibrant and inclusive community. Affordable housing is also crucial for the economic stability of a community. When people can find affordable housing options, they have more disposable income to spend on goods and services, stimulating local businesses and the overall economy. It also helps attract and retain a skilled workforce, as employees can afford to live near their workplace. Affordable housing also fosters a better quality of life ensuring that individuals and families have access to safe and decent housing without being burdened by excessive housing costs. When people are not excessively burdened by housing expenses, they have more financial stability and can allocate resources to other essential needs such as healthcare, education, and savings. This, in turn, leads to an improved quality of life for residents. Affordable housing is crucial for the long-term sustainability of a community, preventing displacement and gentrification, which can occur when housing costs rise significantly. Affordable housing plays a vital role in addressing homelessness. When individuals and families have access to affordable housing options, they are less likely to experience homelessness or be at-risk of becoming homeless. Affordable housing provides stability and a foundation for individuals to rebuild their lives and access necessary support services. By providing affordable housing options, communities can preserve their social fabric and prevent the loss of community connections and cultural heritage.

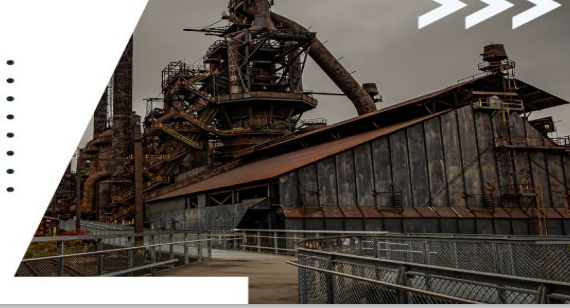
Since 2000, Bethlehem and the Lehigh Valley have grown in population after more than five decades of stagnant growth. This growth has been driven by strong job development in the warehousing and logistics industries combined with an influx of new residents attracted to the region's natural amenities, cultural heritage, and competitively-priced housing market compared to New York or Philadelphia, both less than two hours away. In turn, housing prices moderately increased in the early part of the 21st century and vacancy rates diminished. The COVID-19 pandemic accelerated the Lehigh Valley's growth trajectory. In recent years, housing demand has surged while construction costs skyrocketed, making it cost-prohibitive to add more moderately-priced units to meet demand. The challenge to build new, moderately-priced housing persists, with interest rates at a 10-year high, persistent labor and material shortages, and limited access to land for new development. An influx of new, higher income residents combined with limited new housing construction is driving a severe housing shortage across the region. From May 2019 to

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May 2023, home sales prices in the city of Bethlehem increased more than 50% while rents rose 40%. These prices are creating substantial pressure on many city residents, who may now find it extremely difficult to remain in the city.

What Does Affordability Mean in Bethlehem?

Rising housing costs mean there are very few opportunities in the city where households with moderate incomes can afford housing. In May of 2023, the average home price was \$300,000 and the typical rent for a one-bedroom apartment was \$1,400. A household would need an annual income of roughly \$100,000 to buy a home and \$50,000 to affordably rent an apartment. The city's low-wage workers - those who earn less than \$30,000 per year - are most affected by this price escalation, facing the risk of displacement or homelessness. Roughly 22% of the city's population earn less than \$30,000 per year and these residents include many necessary workers in food service, retail, health care, and janitorial services, who typically cannot afford to pay more than \$800 per month for an apartment. The supply of rental units priced below \$800 per month has nearly vanished in Bethlehem. Given these escalating housing costs many Bethlehem residents are "cost-burdened" by their housing expenses (i.e., they pay more than 30% of their income on housing). These residents have fewer resources to meet their other day-to-day expenses or manage unexpected costs. And those who are "extremely cost-burdened" by housing expenses (i.e., paying more than 50% of their income on housing) face even greater risk of being evicted or losing their home should unexpected costs arise. Recently released data from HUD suggests that housing cost burdens are disproportionately experienced by low-income renters. Overall, approximately 8,300 low-income households in the city are cost-burdened, and 74% of these households are renters. Alarming, 12% of Bethlehem households household are considered extremely cost-burdened; 78% of which are renters.

The City's Housing Plan

Due to high development costs, any new development targeted to low- and moderate-income households will require subsidy. Unfortunately, there are not enough housing subsidies available to address the need. This problem is not unique to Bethlehem. Nationally, there is a shortage of 6.8 million affordable rental units, and the number of cost-burdened renters reached a two-decade high in 2021. Additionally, a greater share of homeowners was cost-burdened in 2021 than at any point since 2012. With limited resources, the City must be strategic in its policy and investment decisions.

Therefore, the Housing Plan emphasizes the following principles:

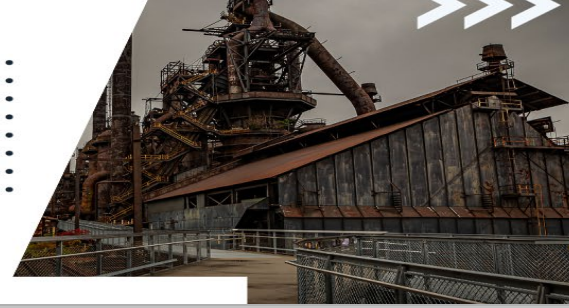
Strategy 1	Update zoning and land use to encourage a variety of housing types and infill development.
Strategy 2	Offer incentives to create and preserve affordable housing.

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Strategy 3	Foster partnerships with the Bethlehem Housing Authority (BHA) and local institutions to support new housing and community investment
Strategy 4	Protect tenants at-risk of displacement and increase the supply of deeply affordable rental units

The City's housing plan was developed with input from housing stakeholders and the development community in the spring of 2023. The proposed programs will be a complement to the City's ongoing programs for first-time homebuyers, home and facade repair, and affordable housing tax incentives. The proposed programs in the housing plan focus on creating additional rental housing. Access to affordable rental housing represents the most acute need facing Bethlehem residents. And investments to expand access to affordable rental housing carry the most promise to meet the needs of the greatest number of at-risk Bethlehem residents. Over the next five years, the city intends to spend grant funding in the strategies outlined in this proposal.

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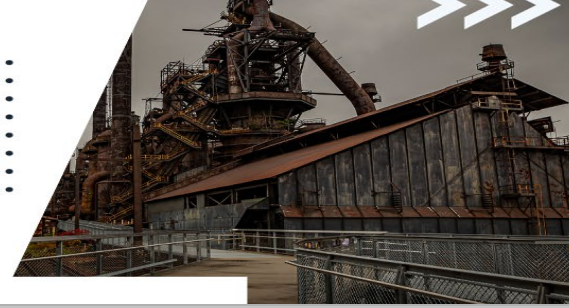


Exhibit B: Threshold Requirements and Other Submission Requirements

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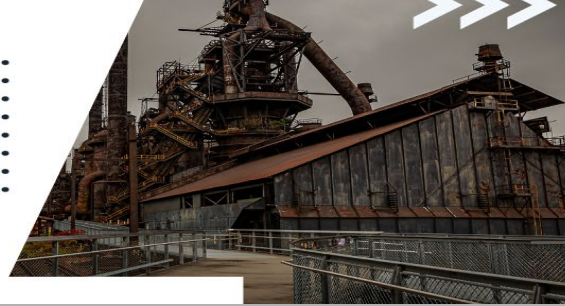
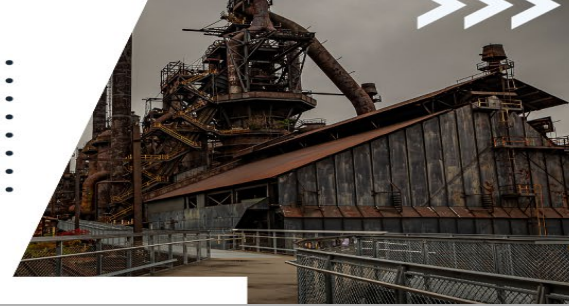


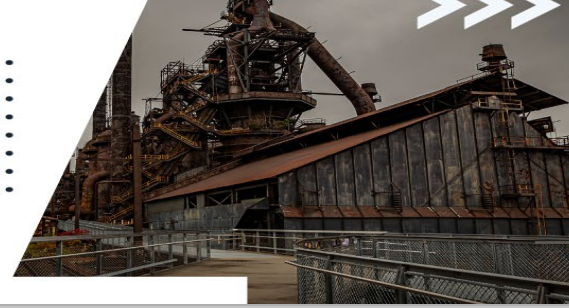
Exhibit C: Need *City of Bethlehem*



Current Efforts to Identify, Address, Mitigate, or Remove Barrier to Affordable Housing

The Lehigh Valley is in the throes of an affordable housing crisis. Over the last three years in Bethlehem, the median sales and rental prices have jumped more than 50%. In 2023, the City of Bethlehem published a report titled “Opening Doors: Strategies to Build Housing Stability in Bethlehem” (Opening Doors). The report offers a study of housing concerns and identified several potential solutions to break down barriers to affordable housing. Community engagement with various stakeholders was undertaken in its creation as the city sought to identify specific concerns and barriers regarding housing needs in the community. Seeking creative methods of outreach, the city attended 11 community events with pop-up booths at different geographical locations from October through December of 2022. There, City Staff asked participants who visited their booths to spend \$100,000 worth of “play money” on different housing strategies and priorities. Through this game, the city was then able to identify and rank the most common housing issues facing residents. The City also created an online survey that 3,200 residents and pop-up event attendees completed. In addition, four focus groups were conducted with local and regional housing providers, nonprofit and for-profit developers, fair housing advocates, community leaders, lenders, and other housing stakeholders. Phone interviews were also conducted with elected officials and major employers to understand their specific housing concerns as well. In addition, the city engaged the Housing Strategy Committee, comprised of nonprofit organizations, university and hospital representatives, advocacy groups, and community development professionals, in the creation of the plan. To gain feedback and recommendations on housing strategies, committee members were provided with online videos describing twenty (20) housing programs, policies, tools, and examples on how they were used in other places. The city conducted an in-person kickoff meeting, the committee reviewed strategies digitally and then met again to delve into them further. The committee was also given the final draft of the plan to provide feedback and comments. Opening Doors identified five overarching mitigation strategies to remove affordable housing barriers along with plans on how to approach each activity. The following are four strategies that are pertinent to this grant:

Strategy 1	Update zoning and land use to encourage a variety of housing types and infill development.
Strategy 2	Offer incentives to create and preserve affordable housing.
Strategy 3	Foster partnerships with the Bethlehem Housing Authority (BHA) and local institutions to support new housing and community investment
Strategy 4	Protect tenants at-risk of displacement and increase the supply of deeply affordable rental units



Strategy 1: Update zoning and land use to encourage a variety of housing types and infill development.

With a severe shortage of affordable rental housing coupled with a lack of land available for new large-scale development, the City of Bethlehem faces several barriers to affordable housing development. Most land aside from Downtown is currently restricted to single-family development, while the lack of large parcels of land makes multi-family development financing tools, such as the Low-Income Housing Tax Credit (LIHTC) program, typically infeasible. The LIHTC program caters to developments with 30 or more units that require a great amount of land, and many nonprofit and small developers are unable to complete in the program because of the substantial pre-development costs required. In the City, no LIHTC application has been approved for nearly 10 years. During the Opening Doors community engagement process, stakeholders emphasized: (1) building middle housing involving small-scale housing projects of 10 units or less and infill development on smaller lots spread out throughout the City, (2) adaptive reuse of vacant or underutilized buildings for residential housing, and (3) allowing homeowners to add an accessory dwelling unit (ADU) to their properties. As such, the city aims to undertake activities 1a and 1b, outlined below.

1a. Update City zoning to encourage neighborhood-compatible infill affordable housing development.

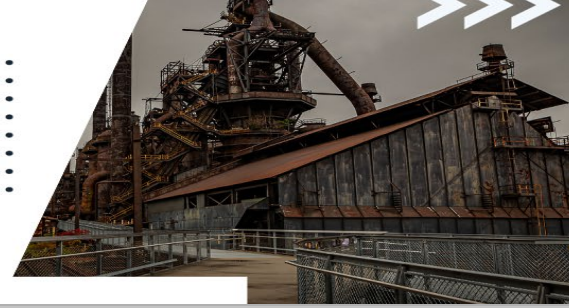
The City shall review current zoning ordinances and identify areas, parcel types, and project types that warrant by-right affordable housing development without requiring a special exception or variance. Special exception or variance requests may be denied resulting in the need for legal counsel, which is costly and not feasible for all developers. Next, new program guidelines for updating and adopting ordinance revisions will be developed. This program would require staffing resources to provide streamlined assistance, review, and approval of affordable housing development projects. By allowing a variety of housing types to be built in more areas, the city can meet its goal of increasing overall affordable housing stock. Developers will be allowed to build new housing types in areas that are currently zoned for single-family development. This strategy targets households earning less than 80% of area median income (AMI) and is geographically aligned with Market Value Analysis (MVA) for the City of Bethlehem. The MVA is an analytic tool built on local administrative data to establish a baseline of housing market information and inform the development of the plan for the City. The MVA results offer insight into the variation in market strength and weakness within and between traditional neighborhood boundaries. The MVA process relied heavily on close collaboration with City staff to obtain and field check the data, as well as validate the final MVA model results. In-depth data can be found in the Opening Doors document under Market Value Analysis.

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Summary results of the MVA for six market types that reflect distinct characteristics across Bethlehem's neighborhoods. Average Block Group Characteristics in Bethlehem by Market Type, 2022

Market	Property Values and Investment					Market Distress		Area Characteristics			
	Block Group (#)	Median Sales Price	Variance of Price	Housing Permits	Invest. Purch.	Housing Vacancy	Code Viol.	Owner Occ.	Single Family Rentals	Housing Subsidy	Housing Density
A	4	\$413,850	0.65	13%	27%	7.9%	4.7%	26%	8%	25%	14.4
B	12	\$293,838	0.30	7%	4%	3.4%	3.2%	91%	78%	1%	4.1
C	24	\$214,577	0.35	6%	14%	3.9%	6.3%	69%	41%	13%	7.9
D	21	\$200,660	0.34	5%	17%	5.2%	8.6%	39%	18%	3%	12.4
E	6	\$176,880	0.48	12%	60%	16.7%	18.2%	13%	29%	15%	27.1
F	9	\$145,758	0.67	6%	39%	8.9%	21.7%	30%	35%	16%	18.4
City Avg	79	\$222,609	0.40	7%	20%	5.9%	9.3%	51%	36%	12%	11.7

* The values presented in each column represent the average value of each indicator for all block groups in each market type, i.e. in 'D Markets' a median sales prices of \$200,660 represents the unweighted average median sales prices for all 21 D block groups.

Key changes in the MVA results from 2017 to 2022.

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Change in Key MVA Indicators: 2017 to 2022

MVA	Median Sales Price			Home Ownership		Code Violations		Investor Purchases		Permit Activity	
	2017	2022	% Change	2017	2022	2017	2022	2017	2022	2017	2022
A	\$375,000	\$413,850	+10%	26%	26%	9%	5%	24%	27%	10%	13%
B	\$184,481	\$293,838	+59%	90%	91%	12%	3%	8%	4%	6%	7%
C	\$166,000	\$214,577	+29%	64%	69%	0%	6%	4%	14%	21%	6%
D	\$143,933	\$200,660	+39%	51%	39%	17%	9%	16%	17%	4%	5%
E	\$125,386	\$176,880	+41%	47%	13%	21%	18%	31%	60%	5%	12%
F	\$110,178	\$145,758	+32%	11%	30%	4%	22%	54%	39%	6%	6%
G	\$69,047			36%		28%		46%		4%	
City Average	\$155,385	\$222,609	+43%	57%	51%	16%	9%	22%	20%	6%	7%

The primary changes in the MVA from 2017 to 2022 are associated with substantial home sales price increases – from a citywide median of \$155,385 in 2017 to \$222,609 in 2022, an increase of roughly 43%. These price increases were rather consistent across most market types in Bethlehem, and represent substantial challenges for affordability, particularly in the city’s middle and weaker markets (C – F markets).

Zoning is an obstacle to closing housing shortages in cities and towns throughout the Lehigh Valley. Cities like Bethlehem will continue to ineffectively relieve pressure from the housing market so long as their zoning ordinance exists as a policy barrier to denser housing development. As quoted by Parolek, D in *Missing Middle Housing: Thinking Big and Building Small to Respond to Today’s Housing Crisis*, “The reality in most cities is that their planning and regulatory systems are barriers to delivering the housing choices that communities need.” Effectively, one of every two residential parcels in Bethlehem is devoted to minimal housing density, 98.7% of the City’s residential zoning, occupying 52.5% of residentially zoned parcels in the city, only 11% of Bethlehem’s residentially zoned parcels allow for two-to-four-unit structures and other multi-family housing development. Single-family housing is often linked with exclusionary zoning. Policies of low density make for inefficient use of urban real estate evidenced by housing scarcity and associated with high costs per unit. This project strives to incentivize the missing middle housing and gently increase housing density. Project completion is estimated to take one to two years and has an estimated budget of \$40,000 for technical advisory services and staff augmentation costs.

1b. Implement an Accessory Dwelling Unit (ADU) Pilot program.

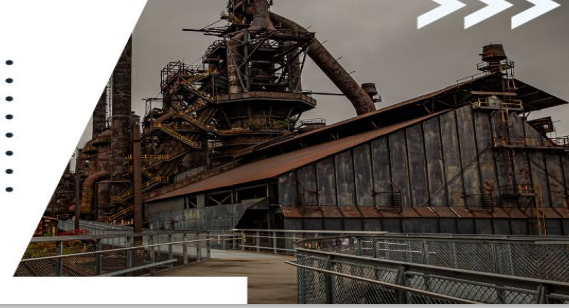
An accessory dwelling unit (ADU) program is a viable and cost-effective solution to increase affordable rental housing stock. Advancements in prefabricated and modular construction means

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that ADUs can cost significantly less than traditional multifamily homes. The city is in the initial stages of an exploratory partnership with Lehigh University, Community Action Lehigh Valley, New Bethany, and Catalyst 4 to develop a pilot alley house program. Currently, ADUs are not permitted by-right in any City neighborhood. Through a pilot program, the City will designate specific areas, target certain types of units, and/or establish affordability requirements for new units. The city will hire a technical advisor to review current ordinances and develop program guidelines. Then, the City may fund another organization, such as an architectural firm, a university, a nonprofit organization, or a combination, to create specific design guidelines, provide technical assistance and resources to homeowners, and/or provide a level of funding for predevelopment costs such as permitting or site plans. The organization may be selected through a traditional procurement method, or the city may opt to design a competition with a set-aside of nominal funding for firms to submit preliminary designs. Further monetary support for this program may be possible through Strategy 2, discussed later, which seeks to provide gap financing for affordable housing projects.

The ADU Pilot Program targets households earning less than 80% of area median income (AMI) and is geographically aligned with utility access and road frontage areas, the City's strongest A and B markets, and the City's C and D middle markets North and West of Downtown. It will diversify housing stock and increase affordable rental units in high-priced areas and is estimated to take two years for program design and implementation and two to seven years for unit implementation. \$595,605 in funding is required, with \$45,625 allocated for developing program and policy requirements, \$49,980 allocated for preliminary designs, and \$500,000 allocated for predevelopment financing and technical assistance to homeowners. The ADU Pilot Program, outlined above, is estimated to result in 15 to 30 new units added to the overall housing stock.

Strategy 2: Offer incentives to create and preserve affordable housing.

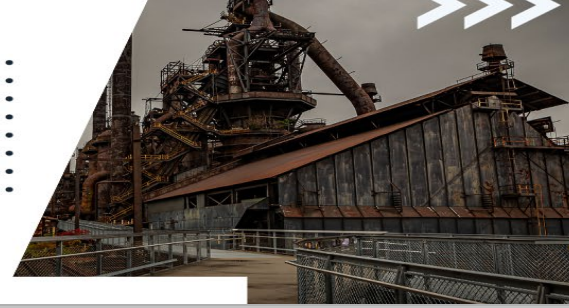
There is an overwhelming lack of affordable rental housing for low-income and working households earning at or below the area median income (AMI). Throughout the previous five years, median rents in the City of Bethlehem have increased by 45% which has caused further havoc by diluting and decreasing the power and stability that Housing Choice Vouchers (HCVs) offered in the past. A gap now exists between the value of an HCV and the market-rate rents, leaving approximately 100 of the Bethlehem Housing Authority's (BHA) 470 vouchers unused. Notably, naturally affordable rental units have virtually disappeared due to market rate pressures of inflation. As stated previously, there has been no Low-Income Housing Tax Credit (LIHTC) developments since 2014. With a lack of large parcels of developable land, large-scale affordable housing projects, such as LIHTC, are now more challenging than ever before. Land that is available remains best suited for infill and scattered-site development, which come with higher predevelopment costs per unit, while small parcels are unattractive to large-scale affordable housing developers due to the lower income generated per project.

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2a. Implement an Affordable Rental Housing Construction Program.

The city aims to develop an Affordable Housing Construction Program, providing gap financing to affordable rental housing projects to help catalyze development while leveraging other public and private funding sources. To cater to a variety of affordable housing rental projects and to prioritize other projects, such as those of Strategy 1b outlined above, the program design shall be both flexible and broad. By relying on developers to secure financing for later project costs, the city can maximize its resources by providing funding for a portion of project costs. Such a structure will ensure that developers can access funds for a variety of uses, including acquisition costs, predevelopment financing, construction financing, or even permanent debt. Ultimately, the City intends to structure all or portion of the funds as a revolving loan pool, with loans repaid by or structured as permanent debt, to be repaid by project revenue or at the time of sale. A wide range of potential projects are possible through this strategy, such as the development of small-scale rental housing, adaptive reuse of existing buildings for affordable housing, a scattered accessory dwelling unit (ADU) project for affordable rental housing, scattered site projects applying for LIHTC, projects developed by or affiliated with the Bethlehem Housing Authority, projects that meet housing requirements for a HUD-approved Choice Neighborhoods plan or large scale projects that meet project criteria. Recently, the city was awarded a Choice Neighborhoods Planning Grant, meaning that the PRO Housing Grant may work in unison with the additional funds.

To set up this program, the City will need to procure a consultant with experience designing and administering multi-family gap financing using federal funds to create the program and policy guidelines, establish compliance and monitoring documentation aligned with PRO Housing Grant and other funding sources, and administer the program from project solicitation to closeout. Furthermore, the city will market the program through affordable housing networks and reach out to national nonprofit developers. The Affordable Rental Housing Construction Program will target renter households earning less than 80% of AMI and will prioritize renters earning less than 60% of AMI. It is estimated to take 12 to 18 months for program rollout and two to seven years for construction activities. Lastly, the project will require a \$7,000,000 budget and is estimated to produce 100 units.

2b. Implement a Landlord Incentive Program.

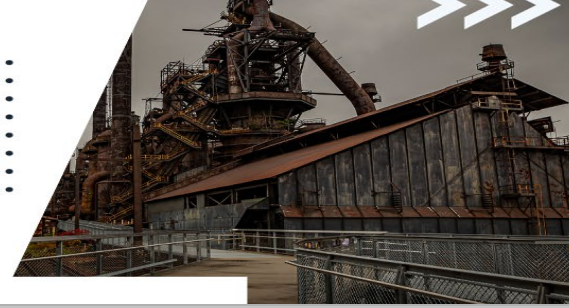
As discussed previously, the Bethlehem Housing Authority (BHA) has approximately 100 Housing Choice Vouchers (HCVs) that are currently going unused. Most of these households earn less than 50% of AMI and hold vouchers that are worth between \$1,000 to \$1,500. However, they cannot find a landlord to rent to them because HUDs Fair Market Rent (FMR) limits are significantly lower than the actual market rents landlords can collect from non-HCV tenants. Moreover, community stakeholder engagement indicated that many landlords have been

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requesting two months of rent plus a security deposit upfront, which is unrealistic for low-income renters. Families with vouchers cannot compete with higher-income tenants. Consequently, the city is seeking to offer additional rental assistance to landlords who will accept households with vouchers. The Landlord Incentive Program would operate as a stopgap measure to ensure placement of unused HCVs by further subsidizing these vouchers, for landlords, up to current market rents. Such a program will operate in partnership with the BHA and will proceed only until new project-based units and new BHA-managed units that accept HCVs become available. It is expected to operate for approximately three years with a budget of \$900,000 and will serve an estimated 50 households.

Strategy 3: Foster partnerships with the Bethlehem Housing Authority (BHA) and local institutions to support new housing and community investment.

Currently, the City of Bethlehem has no functioning private market for the creation of new affordable housing. Without public subsidy, developers are unable to build new housing that is affordable to low-income households. It is the same situation for the adaptive reuse, renovation, or conversion of existing properties to affordable housing. The cost of land, building materials, and labor far outstrip the revenue that can be generated from affordable rents or affordable sales prices. Aside from the Bethlehem Housing Authority's (BHA's) operations, Habit for Humanity and CALV are the only other nonprofit developers building affordable rental units in the City. As mentioned previously, no Low-Income Housing Tax Credit (LIHTC) project has been built in the City for nearly 10 years. To increase housing supply in a sizeable manner, the city needs to take on larger projects which can be complicated to build and require multiple funding sources, public and private partners, and hefty amounts of time and coordination. As a result, the BHA and the City are forming a partnership to pursue federal grants that will provide the seed funding required to create a roadmap for large-scale development and community revitalization activities.

3a. Implement a Choice Neighborhoods Transformation Plan.

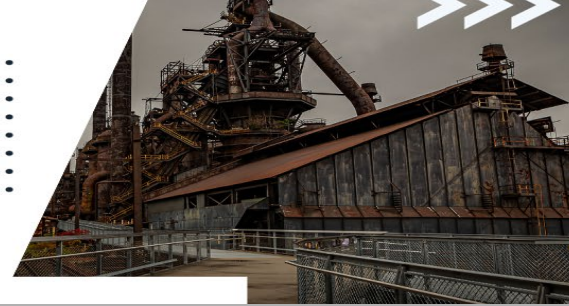
Together, the City of Bethlehem and the Bethlehem Housing Authority (BHA) applied for HUD's Choice Neighborhoods Planning Grant. During the finalization of Opening Doors, they have been chosen and awarded \$500,000. As a major win, the partners will soon begin creating a transformation plan focused on Pembroke Village, a 196-unit public housing community, and its surrounding neighborhood. Jointly, the City of Bethlehem, the BHA, partner developers, local institutions, and community stakeholders will transform the redevelopment site into a mixed-income, vibrant, healthy, equitable, and sustainable community. At the root of the project lies a large-scale housing development that utilizes public and private funding sources, targets a mix of income and unit types, and works to implement neighborhood investments and programs for residents. Safety, health, education, and economic development are key to the transformation. The plan will feature a mix of public and workforce housing, market-rate apartments, and potentially,

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homes for sale to moderate-income households. Overall, the plan will likely include the construction of between 400 to 600 new units as a one-for-one replacement is required under program guidelines. This will be a major win for City residents, but will require additional funding for implementation. The estimated cost of this project is \$165 million, after \$500,000 spent on developing a transformation plan over the course of two years. Construction is expected to take two to 10 years for full build out. The city and the BHA plan to apply for HUD's Choice Neighborhoods Implementation Grant while simultaneously exploring additional funding strategies as well.

3b. Gain site control of vacant land and buildings to develop affordable housing.

The Choice Neighborhood Program, discussed above, requires a one-for-one replacement of public housing and the development of a mixed-income community. This means every public housing unit demolished must be replaced with another public housing unit or equivalent. And half to two-thirds of all units should be targeted to residents earning more than 50% of area median income, which includes workforce rental housing, market-rate rental housing, and homeownership opportunities. To meet these requirements, the Bethlehem Housing Authority (BHA), its selected developer, and/or the City will need to have to build 400 to 600 units. This will be accomplished by:

1. Create a list of properties designated for affordable housing currently owned by public entities, universities, and hospitals. These partners indicated potential willingness to enter into ground-leasing agreements of unused properties for the purpose of affordable housing development, as either a contribution or as a ground-lease priced at market value.
2. City acquisition of property for affordable housing development. The City may elect to acquire property using its CDBG or discretionary funds, and then donate, sell or ground-lease the property to a selected developer.
3. City provides grants or loans to community housing development organization (CHDO). The City may set aside HOME funds for CHDOs and other developers to acquire land for affordable housing. The funds may be structured as a grant or a loan.
4. Bethlehem Housing Authority acquires property. The BHA currently has a nonprofit organization capable of acquiring property, applying for Low Income Housing Tax credits as a developer, building new housing, and building and selling homes for ownership.

The city may also elect to acquire property currently zoned for single-family development or non-residential development, and then rezone the property for higher density residential use later. This project is estimated to require \$1,500,000 in funding with a timeframe of one to five years.

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Strategy 4: Protect tenants at-risk of displacement and increase the supply of deeply affordable rental units.

Between 2017 and 2022, the City’s rental housing market underwent numerous changes. The supply of rental units that are deemed affordable for low-and moderate-income renters, priced at less than \$1,000 per month, largely disappeared. With average rents increasing by 45%, the rental vacancy rate plummeted to 2%. This is partially due to landlords requiring two months of rent plus a security deposit upfront, meaning that households are less likely to move rental units. According to current Pennsylvania state law, a landlord may raise rents indiscriminately when leases expire. As a third-class City, Bethlehem is unable to implement rent control measures to prevent this from occurring. With the vacancy rate signaling a crisis, it is estimated that the city needs to add 719 new rental units to its housing stock to rebalance the market to a healthier 7% vacancy rate.

4a. Implement an Eviction Prevention and Rental Assistance Program.

With rent increased and a prominent level of inflation, low-income households are at higher risk of eviction and homelessness. Therefore, the city aims to address homelessness by preventing it from occurring in the first place. The City plans to designate funds to well-known and highly successful nonprofit organization North Penn Legal Services and New Bethany to continue the administration of the Eviction Prevention and Rental Assistance Program. Families who are at-risk of eviction due to financial hardship will be assisted through mediation services with landlords outside the court system, tenant’s rights education, and referral services to other housing providers and/or legal representation. Such a project will be an ongoing feat and will require approximately \$2,184,000 in funding.

EVICTION NUMBERS: Lehigh and Northampton

County	Year filed (Used for Historical Average)			PA Covid Moratorium – March- Sept 4th , CDC Sept 4th	CDC Moratorium to August 2021	No Moratorium – ERAP assistance	Current Percentage Change from Historical Average
	2017	2018	2019				
Lehigh	6,324	6,320	6,353	3669	4685	6849	Up 8%
Northampton	2,934	2,816	2,881	1470	1819	2727	Down 5 %
Total	9,258	9,136	9,234	5139	6504	9576	(32% increase in 2022 from prior year)

4b. Increase the supply of deeply affordable units.

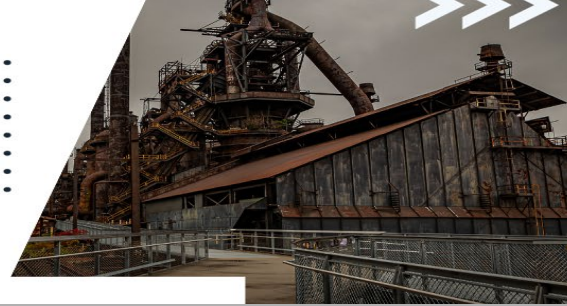
In the City of Bethlehem, more than two-thirds of renters who earn less than 50% of area median income (AMI) are experiencing housing challenges in 2023. Nearly 50% of these 4,300 households are extremely cost-burdened, paying more than 50% of their income on rent and utilities. Many of these renters are low-wage workers who earn just \$10 to \$15 per hour or are on fixed-incomes due

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to disability or age. These households can afford monthly rents between \$500 to \$800, yet current market rate rents are double this amount. A Point-in-Time (PIT) survey in October of 2022 revealed only two vacant units priced below \$1,000. The City aims to address this issue by increasing the supply of deeply affordable rental units within its existing and proposed programs. Using scoring and set asides, the city will prioritize units that are affordable to renters earning less than 50% of AMI. In addition, the city will encourage or require new affordable housing development that receives City funding or support to accept Housing Choice Vouchers (HCVs). The city will also work with the BHA to increase HCV utilization, access other voucher types (i.e., VASH, PSH), and maximize the project-based voucher program.

The Opening Doors study should identify the best solutions for the City's unique housing market. The study was developed after the city was one of five U.S. communities to complete New York University's Furman Center's Housing Solutions Lab 2021 virtual workshop. As part of the Housing Solutions Lab, the city completed a deep assessment of its current affordable housing strategies and found that it has made crucial and noteworthy progress in recent years. Current strategies relate to zoning and land use, housing quality, rental subsidies, and community engagement and partnerships, and more. The following is an outline of these successful activities carried out by the City of Bethlehem to remove barriers to affordable housing.

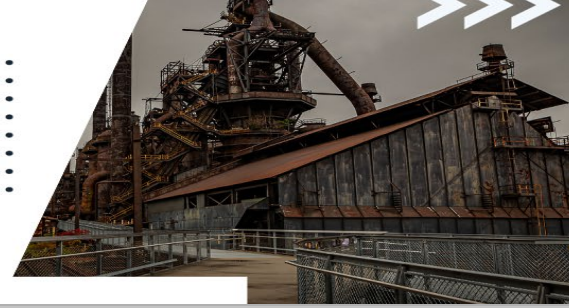
- Bethlehem's zoning code includes density bonuses, reducing parking requirements, and tax abatements (LERTA) to promote affordable housing units. It also includes workforce housing bonuses, which have yet to be utilized.
- In 2021, the city enacted a student housing overlay district to preserve South Bethlehem neighborhoods and concentrate student housing near Lehigh University and public transit to resist neighborhood friction.
- Bethlehem has a robust blight strategy to deal with vacant, abandoned, and tax-delinquent properties. A 2018 blight strategy led to the creation of a certification process to reduce blighted properties and absentee property owners.
- In 2020, the city launched a proactive inspection and rental licensing program to improve and maintain its rental housing stock. Today, the city has six housing inspectors who regularly inspect rental units to ensure safe and code compliant housing for residents. Each rental property is inspected at least once every three years and student housing is inspected annually.
- Bethlehem's Housing Rehabilitation program and staff annually refresh 30 to 45 units offering funding and assistance with lead mitigation, weatherization, and the replacement of old electrical, heating/cooling, and plumbing systems.
- The Bethlehem Health Bureau is administering \$4 million in Lead and Healthy Homes grant funding to both owner-occupied properties and rentals. Landlords must agree to limit annual rental increases to qualify for the program. The programs thus far have completed 19 properties with a goal of 280 units over the life of the grants.

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- In 2021, Bethlehem City Council enacted an affordable housing LERTA ordinance, which establishes an affordable housing fund to help pay for housing rehabilitation, new affordable housing, and rental subsidy programs. Developers who opt into the program must make 10% of their units affordable or pay an in-lie-of-fee into the fund. In exchange, they receive a 10-year property tax abatement on the new taxable improvements.
- Working with New Bethany, the city provides rental subsidies and services for those at-risk for eviction.
- Via CDBG funding of Community Action Lehigh Valley:
 - City provides housing counseling to residents teaching them how to build credit, obtain a mortgage, and bid on a home. This assists low-income, first-time buyers into becoming homeowners building intergenerational wealth.
 - The Lehigh Valley Community Land Trust rehabilitates housings and sells them to low- to moderate-income buyers.
 - CALV also conducts façade improvements in targeted neighborhoods.
- The city identified key affordable housing barriers via community engagement in its 2020 Analysis of Impediments to Fair Housing Choice report and its 2020-2024 Consolidated Plan.
- Bethlehem formed an affordable housing task force, composed of local and nonprofit housing developers, regional planning officials, the Bethlehem Area School District, lending institutions, and nonprofit community development organizations. The task force identified key issues, critical tasks, and affordable housing solutions.
- The city works in concert with the Community Action Development Corp. of Bethlehem on neighborhood revitalization programs. These efforts include a housing committee focused on the Southside.

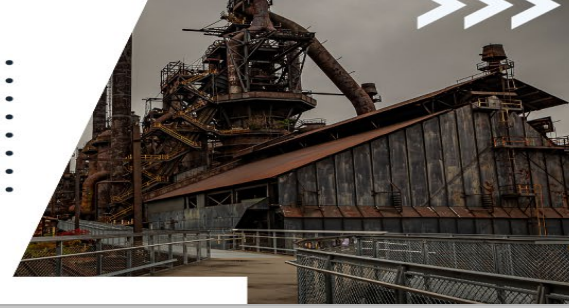
In addition to the wide array of activities highlighted above, the City has received \$5.7 million in CDBG and HOME funds from 2017 to 2022. The current Consolidated Plan (2020-2024) determined priorities including the creation of preservation of affordable rental units, the rehabilitation of homes for affordable homeownership, financial assistance and education for first-time homebuyers, homeless prevention services, and financial assistance for fair housing mediation. CDBG and HOME funds have primarily been used for funding for affordable homeownership and repair of homes owned by low- to moderate-income households. The City has earmarked \$1,400,000 of HOME-ARP funds for a non-congregate shelter. Moreover, the City offers two loan program types through their Housing Rehabilitation Program and operates a Homebuyer Assistance Program (BHAP) for downpayment and closing cost assistance with financial counseling. The Local Economic Revitalization Tax Assistance (LERTA) program, a tax abatement program, encourages investment in the redevelopment of vacant and underutilized properties. Under LERTA requirements, developers must set aside at least 10% of units for households earning less than 80% of area median income (AMI) or pay a \$52,320 fee per unit towards an affordable housing fund. Lastly, Northampton and Lehigh Counties have affordable housing trust funds which the City of Bethlehem participates in.

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Demand for Affordable Housing

The City of Bethlehem is in the Lehigh Valley, an increasingly popular destination for both businesses and residents. The Lehigh Valley's strategic location between New York City and Philadelphia attracted an influx of new residents during the COVID-19 pandemic, who with new-found work flexibility were drawn by the high quality of life and, comparatively, lower cost of living. The Lehigh Valley is also one of the Mid-Atlantic's fastest-growing regions due to a rapidly expanding shipping, receiving, and manufacturing industry. As the City grows, so does its need for an increased supply of affordable housing. Over the past several years, demand for housing and the cost of construction have gone up simultaneously along with inflation and interest rates which reached a ten-year high. In 2015, the median home sales price was \$140,000. By the summer of 2023, the average home sales price rose to more than \$300,000. Similarly, between May 2019 and May 2023, the cost of rent increased by \$556 to \$1,910. Prior to the pandemic, the City of Bethlehem's housing market was affordable. A household earning median income could afford to buy a home and a moderate-income individual could afford to rent an apartment without being cost-burdened.

Following HUD definitions, 49% of all Bethlehem households were low income in 2022 and 74% of these low-income households were renters. According to HUD's 2023 Income Limits, a low-income individual in Bethlehem earns less than \$53,700 annually while a low-income family of four earns less than \$76,700 annually. The City's low-income households cannot afford current market prices, which is further exacerbated by landlords demanding two months of rent plus a security deposit upon signing a lease and an unwillingness to accept Housing Choice Vouchers (HCVs). As of May 2023, a household needs to earn \$100,000 annually to afford a typical home price, while an individual needs to earn \$50,000 annually to afford a one-bedroom rental unit. Typical home prices are unaffordable for households earning less than 80% of area median income (AMI), individuals earning less than \$50,000 per year, and families of four earning less than \$72,000 per year. The City's low-wage workers, employed in industries such as food service, retail, health care, and janitorial services, earn less than \$30,000 annually. To afford a one-bedroom rental unit, their wages would need to be doubled. These folks are increasingly at-risk of experiencing homelessness and/or displacement due to issues of affordability.

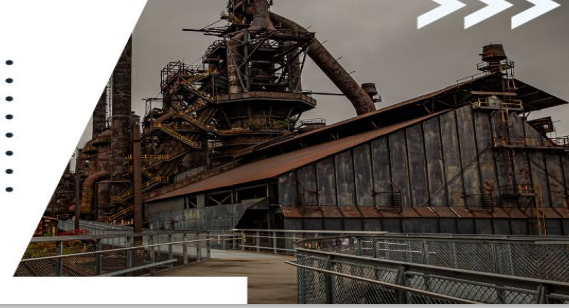
Many City residents are cost-burdened or extremely cost-burdened, spending more than 30% or more than 50% of their wages on housing, respectively. More than 50% of senior renters are cost-burdened, with 50% of all senior renters earning less than 30 of AMI. Overall, 45% of Bethlehem renters are cost-burdened, compared to 18% of Bethlehem homeowners who are cost-burdened. Even more so, one in five renters, or 2,900 households, are extremely-cost burdened. Of these extremely cost-burdened renter households, 1,900 earn less than 30% of AMI. While cities across

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the nation are also plagued by the affordable housing crisis, rental unaffordability in the City of Bethlehem is significantly higher than in the state of Pennsylvania. Rent in Bethlehem is unaffordable for 51% of renter households earning less than 50 to 80% of AMI, while that number is 32% for the state. This indicates an atypical shortage of rental units priced between \$1,000 and \$1,500 per month. Moreover, data also shows that Black and Latino homeowners are more likely to be cost-burdened than White, non-Latino homeowners. Approximately 40% of City residents identify as non-White while 31% identify as Hispanic or Latino. This disparity in housing needs to be addressed through all-encompassing affordable housing projects that seek to create mixed-income neighborhoods, such as the Choice Neighborhood project that is focused on Pembroke Village and its surrounding community.

Like other cities across the country, homelessness is also a pressing issue in Lehigh Valley. The 2022 Point-in-Time (PIT) Count revealed a total homeless population of 921, which is a 36 percent increase from 2020. There was a 51 percent increase in homeless families with children, a 93 percent increase in veterans, a 46 percent increase in individuals experiencing chronic homelessness, and a 46 percent increase in households experiencing domestic violence. According to 2022 Continuum of Care (CoC) data, 746 households received homeless prevention services, 601 households received rapid rehousing services, and 295 households received permanent supportive housing services. However, available resources are not sufficient to meet demand. Lehigh Valley only has 14 percent capacity to meet need due to acute shortages in rapid rehousing units and emergency shelters.

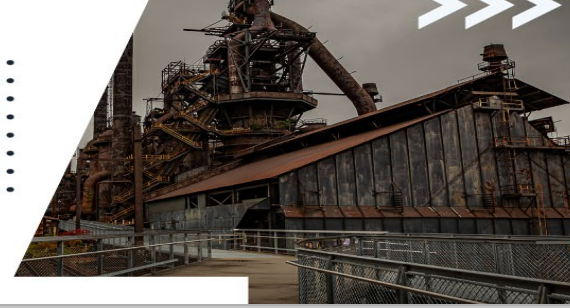
The Bethlehem Housing Authority (BHA) has 470 Housing Choice Vouchers (HCV) to assist low-income residents with rent. With an 80% utilization rate, approximately 100 vouchers are going unused despite that families are holding them. This is predominantly because there is a shortage of rental housing priced within Fair Market Rent (FMR) limits. While the Housing Authority is authorized to allow subsidy up to 110% of FMR, this still falls short of current market rates. Thus, while these 100 households hold vouchers, they are unable to find landlords that will accept their vouchers. Through community engagement with City residents, community housing organizations, and other stakeholders, the City learned that many landlords are requiring two months of rent plus a security deposit upon the signing of a lease. Households that hold HCVs are unable to compete with households that can afford these upfront costs. While the BHA operates 1,451 public housing units, this is still not enough to counteract the severe affordability issues facing the City. Largely built out, the City of Bethlehem contains a mix of older homes, stately, historic homes, pre-2000s suburban-type single-family development, and newer revitalization projects within the historic City center. Much of the City's housing stock is older, with a median age of 1995. Forty-one percent of housing was built before 1950. Sixty-five percent of homes are single-family and attached and the city lacks a large quantity of multi-family buildings, which only account for fewer than 10% of all units. A large reason for the lack of multi-family buildings is the single-family zoning ordinance, which the city aims to address through Strategy 1, outlined in Question 1 of this application. Furthermore, the city estimates a loss of 0.4% of its housing stock

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annually due to aging, which requires the construction of 296 additional units for alleviation. Along with the 2% rental vacancy crisis and a need for increased permanent supportive housing units for the homeless population, this means that the city needs to add 1,052 rental units to its housing stock to alleviate the shortage. Currently, there are an additional 450 residential properties that are vacant and in-need of rehabilitation. However, many vacant properties are too small for larger multi-family development, and many of the available sites are former industrial properties that require costly environmental remediation.

Existing Barriers

The City of Bethlehem's study, "Opening Doors; Strategies to Build Housing Stability in Bethlehem" (Opening Doors) offered a deep analysis of the jurisdiction's unique affordable housing issues. While the City continues making strides toward managing the affordable housing crisis and mitigating residual effects, barriers remain. In the state of Pennsylvania, cities and counties are coded according to 'class' which is designated depending on population. The City of Bethlehem is classified as a 'third-class city' while Philadelphia is exclusively a 'first-class city.' City class designations range from first through fourth, with number one indicating a large population size and number four indicating a small population size. Nevertheless, this system has resulted in a blockage for Bethlehem which is restricted to provisions outlined in the state's Municipalities Planning Code. Consequently, the City cannot enact various affordable housing tools that have been effective in other areas. For example, the City cannot enact an inclusionary zoning ordinance which requires new development to set aside a percentage of new units for low- and moderate-income households to contribute financially or an affordable housing pool fund. Philadelphia, on the other hand, can enforce rules that apply to their unique issues. For instance, Philadelphia can establish rent stabilization policies or require landlords to participate in mediation proceedings before evicting tenants, while Bethlehem cannot. As each city faces a unique set of housing issues based on numerous factors ranging from demographics to land use, access to a regulatory toolbox is crucial. While the City will not address this barrier with PRO Housing Grant funds, it does have plans to advocate for state-enabling affordable housing policies, programs, and regional housing planning.

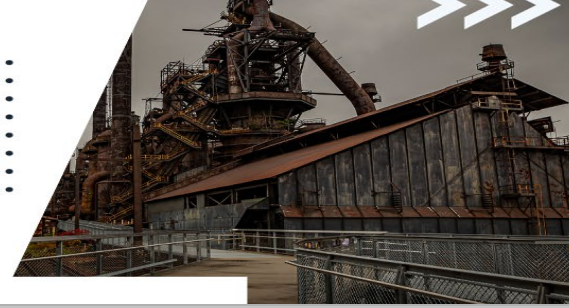
In terms of zoning, much of the City aside from Downtown is zoned for single-family development. With the stark need for more units, the city is unable to develop larger, multi-family buildings. To develop multi-family housing, a variance or special exception is needed from the Zoning Hearing Board. While a denied request can be appealed by the applicant, the cost of a hiring an attorney without a guarantee of acceptance deters developers. In addition, the City's zoning parking requirements can be difficult to meet. As many buildings throughout Bethlehem were built prior to the advent of cars, retrofitting older structures into residential units without addressing parking is nearly impossible. With the inflated cost of land and rising construction costs, it is increasingly difficult to afford development costs for new low- to moderate-income

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housing. Currently, it costs more than \$250,000 (\$295/sq. ft.) to construct an apartment unit in the city. Following such an inflated cost of development, rent would have to be priced above \$1,750 without subsidy. Simultaneously, it currently costs more than \$300,000 to construct a modestly sized 1,400 square-foot home. As land is largely built out, there is stiff competition from market-rate developers for the few available empty parcels. Conversely, using vacant lots to build scattered site units requires significant additional oversight from both property managers and contractors. Such projects also typically result in fewer units meaning less income to ensure project viability. Many vacant sites throughout the City are former industrial properties as well, meaning they require costly environmental remediation.

While developers seeking financial assistance can apply to the Low-Income Housing Tax Credit (LIHTC) program, the state of Pennsylvania's tax credit finance agency, which manages LIHTC, does not prioritize affordable housing needs in the Lehigh Valley. The Pennsylvania Housing Finance Agency (PHFA) has been designated as the allocating agency for Pennsylvania. The Agency awards Competitive 9% Tax Credits to developments through an annual funding round; additionally, the Agency awards 4% Tax Credits for developments which are financed with tax-exempt bonds outside of the annual funding round ("4% Tax Credits with Tax-Exempt Bonds"). In the past, 837 affordable rental units were funded through LIHTC, including Moravian House and the Fred B. Rooney building for seniors, and one YMCA-operated property for previously unhoused individuals. No LIHTC applications have been approved in the City of Bethlehem since 2014. Nonprofit and small developers are often unable to compete in the application process as well because of the requirement to fund predevelopment costs and the need for a patient landowner/seller. Strung together, the intertwining of these complex barriers outlined above have wreaked havoc on the City of Bethlehem's housing market, which desperately needs new affordable housing units. A PRO Housing Grant award can assist the city in its continuous effort to break down the barriers that contribute to a largely cost-burdened and at-risk population.

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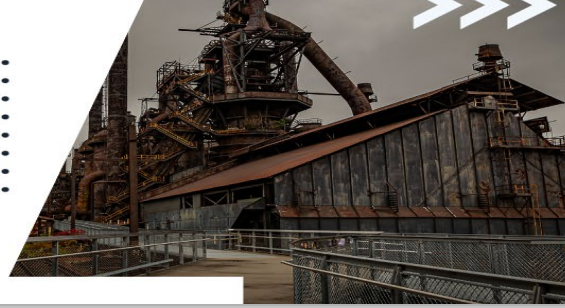


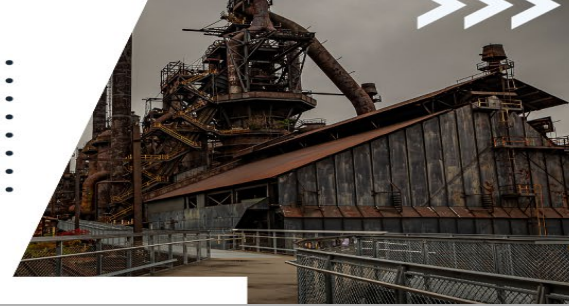
Exhibit D: Soundness of Approach *City of Bethlehem*

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Vision

The City of Bethlehem conducted a housing study beginning in 2022. The goals of the plan are to leverage existing resources, build partnerships, target households with the greatest needs and increase the supply of affordable housing to the greatest extent possible.

As a result of the housing study, five strategies were created to outline the next steps in implementation. This application for the Pathways to Removing Obstacles to Housing program is submitted to fund four of the five strategies created by the study as follows:

Strategy 1	Update zoning and land use to encourage a variety of housing types and infill development.
Strategy 2	Offer incentives to create and preserve affordable housing.
Strategy 3	Foster partnerships with the Bethlehem Housing Authority (BHA) and local institutions to support new housing and community investment
Strategy 4	Protect tenants at-risk of displacement and increase the supply of deeply affordable rental units

Due to several identified need factors including the regulatory environment, availability of land, land use, development costs, and access to funding, the City of Bethlehem is submitting this application to support the changes necessary to remove those barriers.

Strategy 1 – update zoning and land use to encourage a variety of housing types and infill development – addresses regulatory, availability of land, and land use barriers by removing restrictions on where affordable housing can be constructed across the City of Bethlehem.

Strategy 2 – offer incentive to create and preserve affordable housing – addresses development costs and access to funding by providing a revolving loan fund and a voucher system.

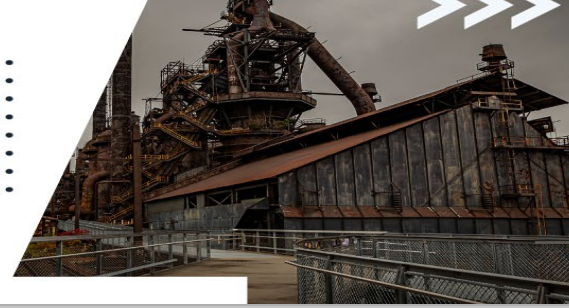
Strategy 3 – foster partnerships with the Bethlehem Housing Authority and local institutions to support housing and community investment – addresses development costs, access to funding, and availability of land through implementation of the Choice Neighborhoods Transformation Plan. The City of Bethlehem received HUD funding to implement the creation of the Choice Neighborhoods Plan.

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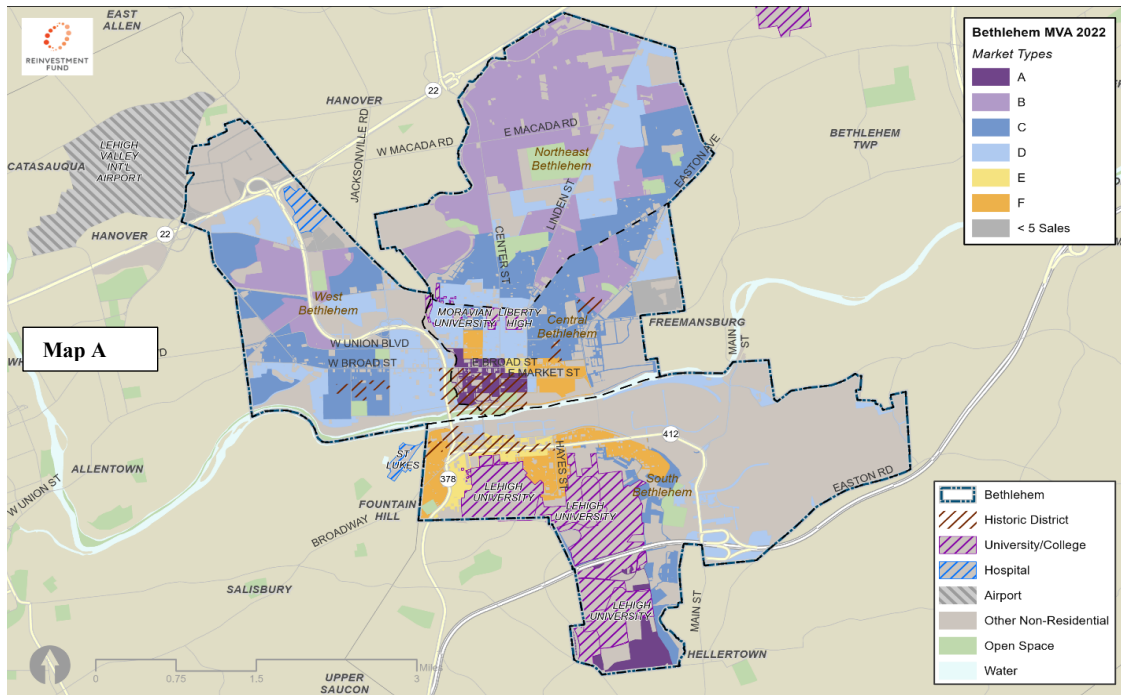
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Strategy 4 – protect tenants at-risk of displacement and increase the supply of deeply affordable rental units – addresses regulatory, development costs, and access to funding barriers by providing financial assistance to those in need through a nonprofit entity.

Geography

The geographic scope of this proposal focuses on opportunities both city-wide and smaller geographies. The map below shows several market types that were established in the market analysis that is attached as Appendix B.



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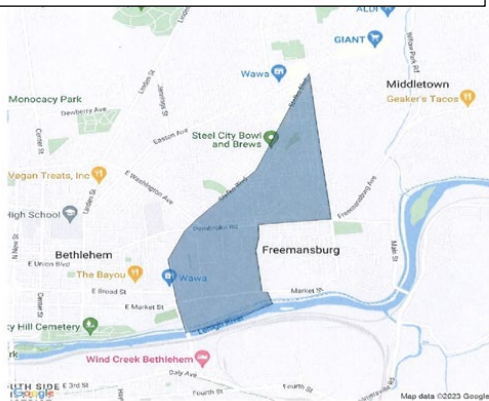
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Map A: establishes the strategies that are being implemented via this application will have impacts on A, B, C, D markets as well as city-wide.

Choice Neighborhoods Stefko-Pembroke Neighborhood Boundaries Map

Map B



Map B: establishes the geographic scope for the Choice Neighborhoods.

Stakeholders

During the PRO Housing grant application public comment period, we want to hear from our important partners in these strategies as well as our citizens most affected by our housing crisis. We shared the plan with our Comprehensive Housing Strategy Committee, which is comprised of the city’s critical private, nonprofit, and public sector partners. We wanted to hear their input on the strategy implementation plan as many of them would be crucial partners if awarded this grant. It was also shared with our CDBG/HOME email distribution lists to ensure we reached all our vital partners. We want to hear from our residents who are struggling with housing insecurity; those who have been unable to buy a house or struggling to remain in their home due to costly repairs. Bethlehem is fortunate to have a northside HUD-designated Neighborhood Revitalization Strategy Area, nicknamed Northside Alive, as well as a Neighborhood Partnership Program in South Bethlehem. Both programs have active volunteer-run housing committees. These are our citizens pushing forward grassroots housing policy and advocacy in our downtown neighborhoods.

Major stakeholders in the project: Increasing Bethlehem’s housing supply will require innovative partnerships. We must bring new private and public sector partners to the table. These stakeholders will be invited to the table to discuss decisions and identify additional opportunities for improvement.

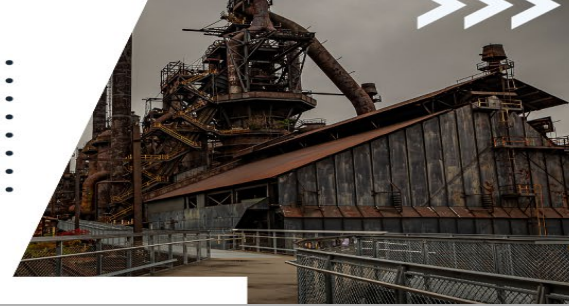
Strategy 1A: Overall zoning update – Stakeholders include all residents and business owners in affected neighborhoods. It also includes our development, real estate, nonprofit and financial community. Our major institutional partners, like our universities and health networks, as well as our major employers.

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1B: For the pilot project, West Bethlehem residents/businesses, Lehigh University, our nonprofit partners Community Action Lehigh Valley, New Bethany, Catalyst4; the development and real estate community.

Strategy 2A: The nonprofit and private development community and banking industry.

Strategy 2B: Bethlehem Housing Authority, real estate community, especially landlords, voucher holders. Nonprofit partners who try to place individuals with vouchers.

Strategy 3 (Choice): Bethlehem Housing Authority, residents of housing authority and surrounding Stefko-Pembroke neighborhood; all our partners on our Comprehensive Housing Strategy Committee; the Bethlehem Area School District, Northampton Community College, Wind Creek Casino, Boys and Girls Club, Northeast Community Center, surrounding churches, our local health networks and other major employers.

Strategy 4: North Penn Legal Services, Northampton County Courts, landlords, New Bethany, renters

The City of Bethlehem recently completed a five-year action plan to address housing needs. This plan provided a vehicle for the above stakeholders to be involved in identifying issues and the formulation of solutions to improve the affordable housing opportunities in the City of Bethlehem. The action strategies from the five-year action plan have become the main requests in this HUD PRO grant application. Throughout the development of this application, the required 15-day public comment period was held. The public comment period was announced through a variety of channels including email blasts, the city website, and public traction locations. A public hearing was also conducted in the evening to have additional input from those impacted. Attachment A details the comments and members of the public that participated.

Furthering Fair Housing

Race and Ethnicity

Bethlehem's population is becoming more diverse, with roughly 40% identifying as non-White (compared to 24% in 2010) and 31% identifying as Hispanic or Latino (compared to 24% in 2010). This follows trends in the Lehigh Valley, which has experienced substantial growth in the Latino – particularly Puerto Rican – population, adding 66,000 Latino residents since 2010. This can largely be attributed to new job opportunities in the area within the warehousing and manufacturing industries.

Table 3: Race and Ethnicity, 2023

•	• Bethlehem	• Allentown	• Easton	• Metro Area	• PA
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• White Alone	• 60.3%	• 36.0%	• 53.8%	• 71.4%	• 73.9%
• Black Alone	• 8.8%	• 13.1%	• 17.5%	• 6.4%	• 11.0%
• American Indian Alone	• 0.5%	• 0.8%	• 0.7%	• 0.3%	• 0.3%
• Asian Alone	• 3.6%	• 2.1%	• 2.6%	• 3.4%	• 4.2%
• Pacific Islander Alone	• 0.1%	• 0.0%	• 0.1%	• 0.0%	• 0.0%
• Some Other Race Alone	• 14.0%	• 31.9%	• 12.9%	• 9.2%	• 4.2%
• Two or More Races	• 12.7%	• 16.0%	• 12.4%	• 9.3%	• 6.3%
• Hispanic Origin (Any Race)	• 31.4%	• 57.2%	• 27.9%	• 19.8%	• 8.8%

Source: ESRI Business Analyst

While Bethlehem is diverse, there is segregation within the city, with North Bethlehem remaining predominantly White.

Map 2 illustrates the percentage of residents who do not identify as White, non-Hispanic by census tract. Red outlines represent the city boundaries, and black boundaries represent county boundaries. The census tracts are categorized into quintiles based on census tracts within the metro area, where purple is the lowest quintile, and orange is the highest.

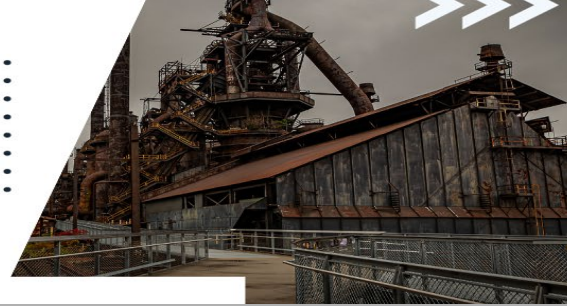
To augment findings from the MVA update, a Displacement Risk Ratio (DRR) was calculated for all Bethlehem block groups. The DRR identifies places where households may be experiencing displacement pressure associated with rising home prices, which tend to be circumstances beyond their control (e.g., rapidly rising taxes / insurance, rent increases, or conversion of rental property into owner occupied stock). Places identified as ‘high pressure’ suggest that existing residents may be experiencing difficulties with rising prices, and that potential new buyers with economic circumstances similar to those of residents a decade ago would find it very difficult to buy into these markets. The DRR in Bethlehem was estimated using the following calculation:

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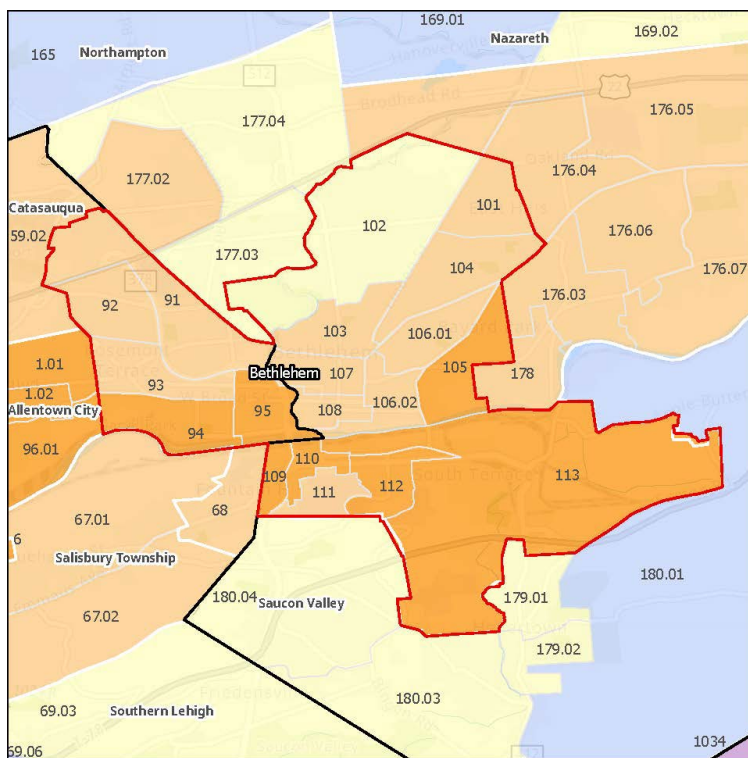
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- Establish block group incomes using the 2010 Census median family incomes as a benchmark for each block group in Bethlehem.
- Inflate block group median family incomes each year using Consumer Price Index (CPI).
- For each block group calculate the ratio of the median home sales price to the inflated median income for each block group, using rolling two-year periods.

Adjust each block group ratio by subtracting the citywide ratio to establish a city-wide reference.

Map 2:



	0% - 4%
	4% to 10%
	10% - 20%
	20% - 43%
	>43%

Source: American Community Survey 2017 - 2021

In Bethlehem, block groups with DRR scores that reach 3.0 or above over time are generally considered ‘high pressure’. **Maps 10 to 13** on the following pages present the spatial distribution of the DRR from 2015 to 2022. For each map:

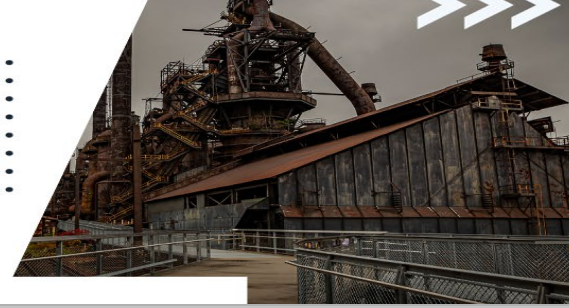
- High Pressure Areas: Block groups shaded red and light red. These are block groups where the DRR is well above the city average.
- Average Pressure Areas: Block groups shaded in lightest blue. These are block groups where the DRR is roughly equal to the city average.
- Market Affordable: Block groups shaded blue and light blue. These are block groups where the DRR is below the city average.

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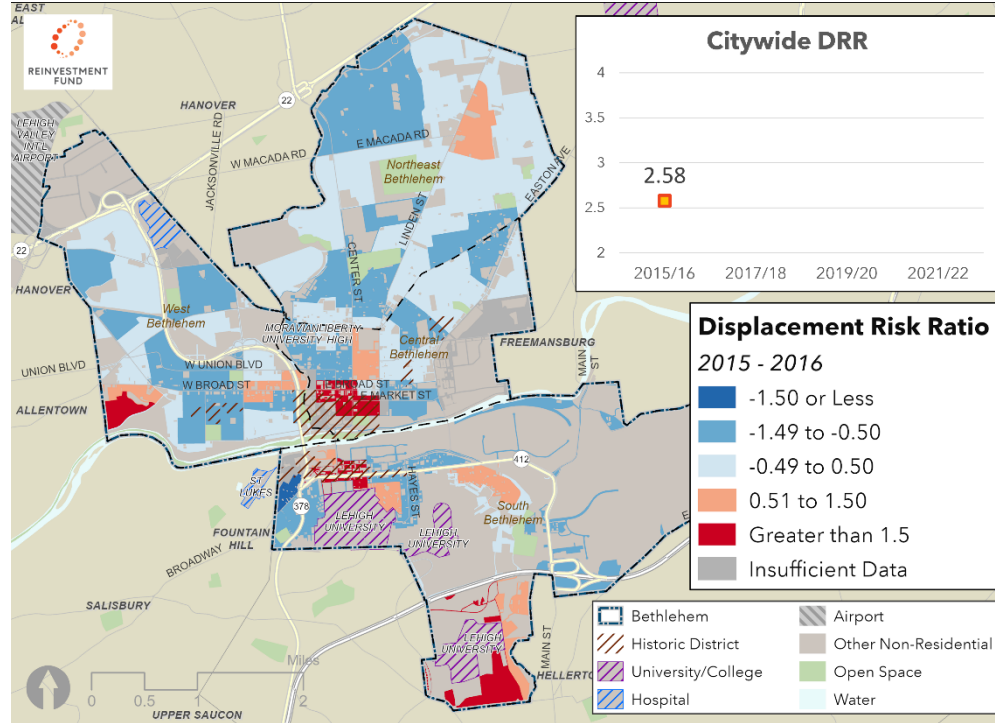
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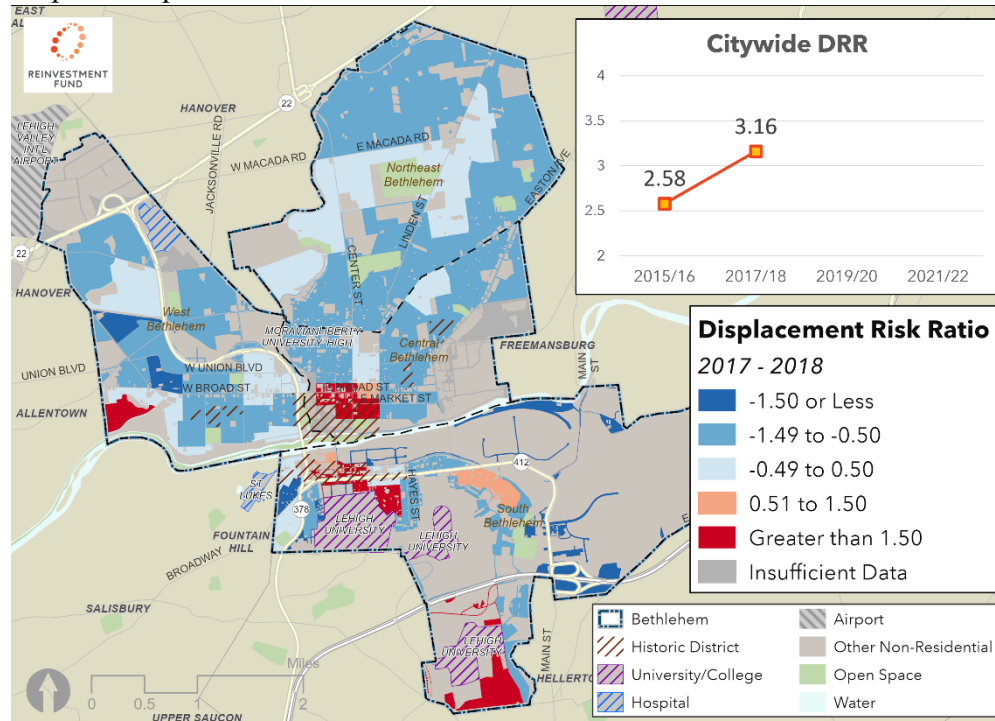
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Map 10. Displacement Risk Ratio: 2015-16



Map 11. Displacement Risk Ratio: 2017-18

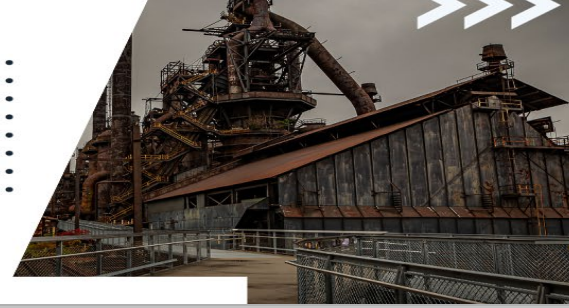


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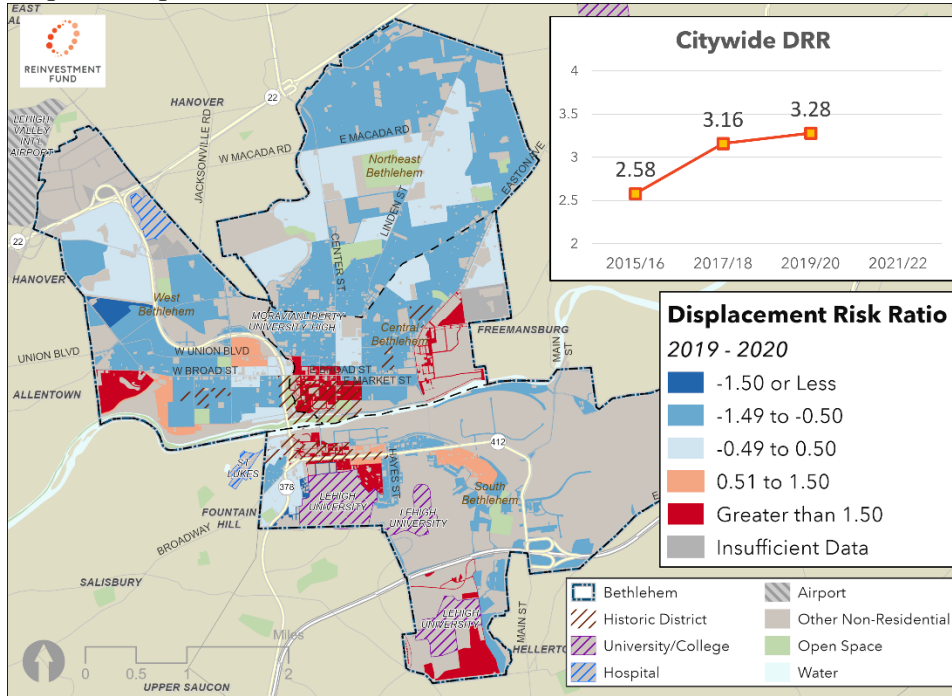
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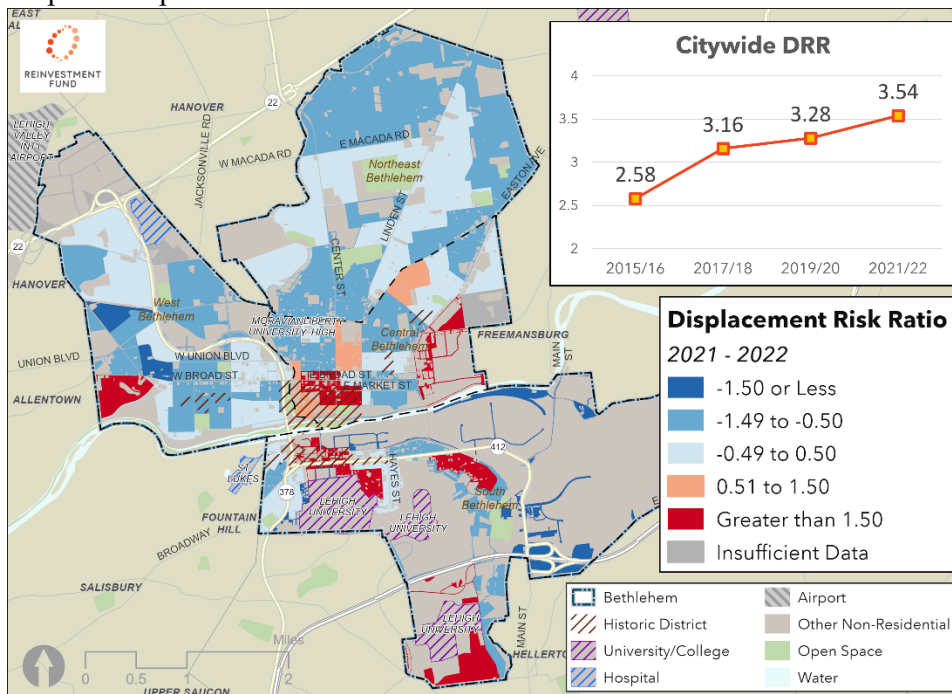
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Map 12. Displacement Risk Ratio: 2019-20



Map 13. Displacement Risk Ratio: 2021-22

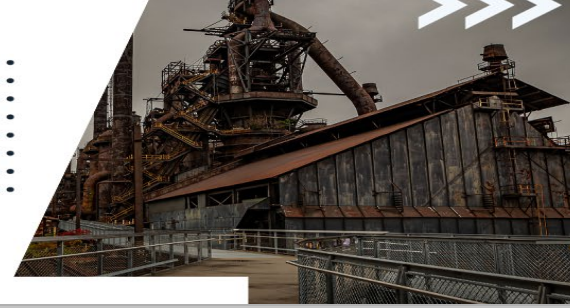


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From 2015 to 2022, displacement pressure increased across Bethlehem as home prices have risen throughout the city. In 2015-16, a citywide DRR of roughly 2.6 suggests that on average, home prices were ‘market affordable’ throughout much of the city, i.e., residents in these places had incomes that generally would support affordable housing payments for the available homes, on average. By 2022, the citywide DRR of roughly 3.5 suggest that on average, home prices were generally unaffordable across the city. By this time, even those block groups shaded in the lightest blue had become unaffordable, and those block groups shaded light and dark red had become extremely unaffordable for long-time residents in these parts of the city. The geographic pattern of displacement risk has remained relatively consistent from 2015 to 2022, but the intensity of the pressure on long-term residents has continued to ratchet up over the past decade. From a policy perspective, identifying where long-term residents are likely experiencing acute displacement pressure associated with rising prices can provide insight into where time, attention and resources can be deployed to preserve affordability in rapidly changing parts of the city. **Figure 1** presents an overlay between the DRR and the MVA that can provide a nuanced way to identify priority areas where residents are likely experiencing displacement pressure, and that are places where affordability can still be preserved for existing and future residents.

Figure 1. MVA Market Types & Displacement Risk Levels

Market Value Analysis Classifications

	Strong Markets	Middle Markets	Weaker Markets
Very High Pressure		Highest Immediate Concern for Price-Based Displacement	
High Pressure		Concern for Price-Based Displacement	
Market Affordable		Opportunities to Preserve Affordability	

Change in Displacement Risk Ratio

Map 14 presents these different categories as a way for thinking about the intersection of the MVA market types (Strong Markets, Middle markets, Weaker Markets) and Displacement Risk in Bethlehem (Very High-Pressure Markets, High Pressure Markets, Market Affordable Markets). Priority areas for interventions to preserve affordability are those Middle and Weaker Markets that are experiencing High Pressure. At the other end of the spectrum, Middle and Weaker Markets that are still ‘Market Affordable’ are also places where there are opportunities to preserve affordability for existing and future residents.

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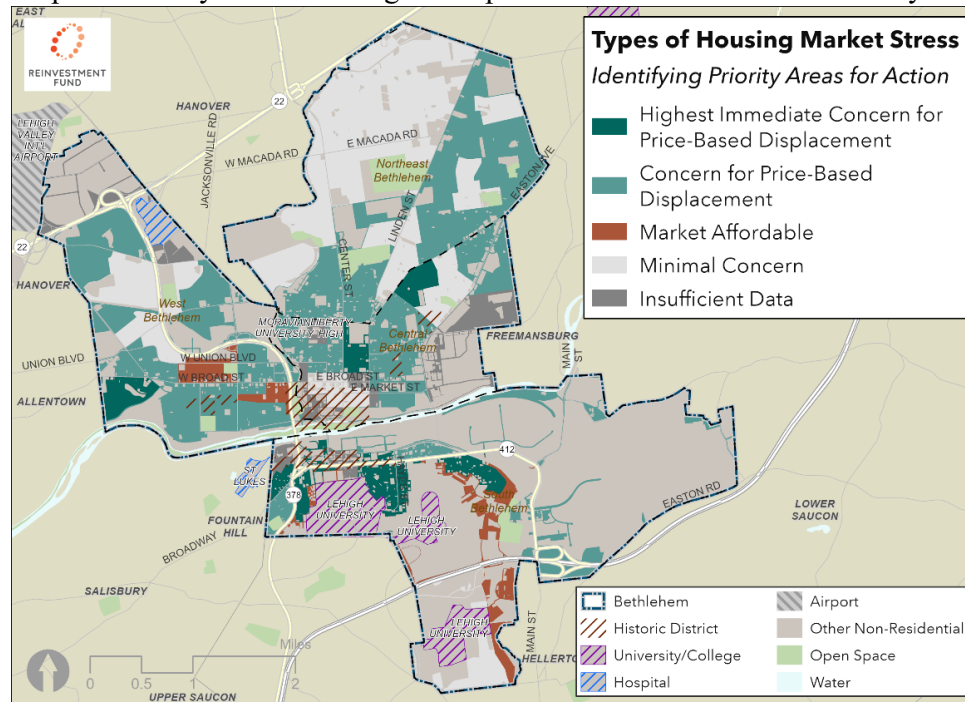
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Map 14. Priority Areas to Mitigate Displacement & Preserve Affordability



As seen in Map 14, a majority of the city is either ‘Highest Immediate Concern for Price-Based Displacement’ (dark green) or ‘Concern for Price-Based Displacement (light green), reflecting the intense price pressure experienced by residents across the city. However, Middle Markets and Weaker Markets where prices are not rising as fast as other parts of the city (i.e., Market Affordable-Middle Markets) represent ideal locations for efforts to preserve affordability given the relative strength of these housing markets overall, and the fact that they are not currently subject to as much price pressure as other markets across the city. HUD provides data on housing challenges renters and owners experience categorized by race/ethnicity and income. Housing challenges include paying more than 30% of income on housing; living in overcrowded conditions; or living without adequate plumbing or kitchen facilities.

This information is used to understand racial disparity in homeownership and the housing burdens minority households experience. According to the data, Black and Hispanic families experience greater housing challenges than White, non-Hispanic households, even when controlling for race. Among homeowners, 18% of White households experience housing challenges, compared to 30% for Black households and 27% for Hispanic households. Even controlling for income, Black homeowners experience more housing challenges. Among homeowners earning between 50% and 80% of AMI (often a target income bracket for first time homebuyers), 74% of Black households

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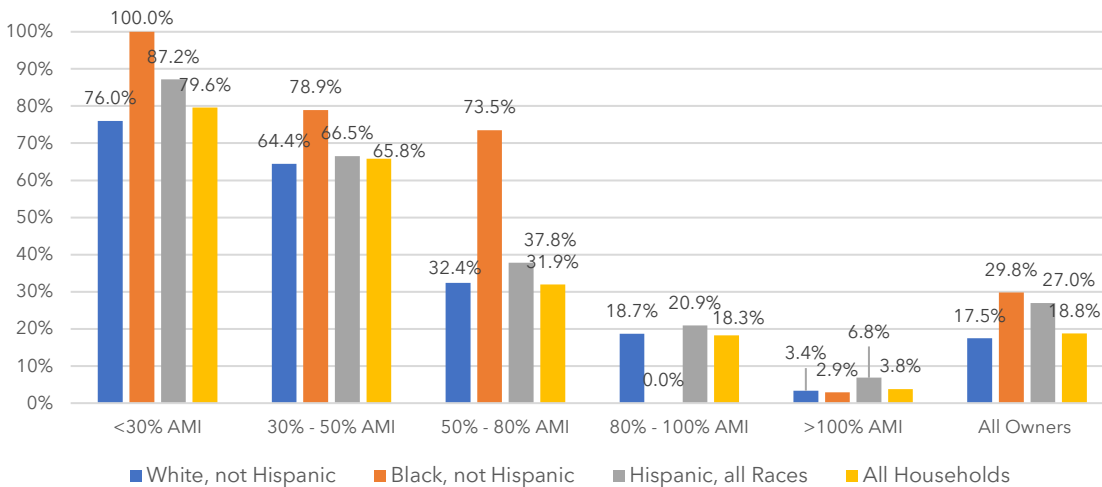
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experience housing challenges, compared to 38% for Hispanic households and 32% for White households.

Chart 11: Homeowners with Housing Challenges by Race and Ethnicity in Bethlehem



Source: HUD CHAS 2022 based on ACS 2015 - 2019

The racial disparity among renters in Bethlehem is not as severe. Forty-five percent of White household's experience housing challenges, compared to 46% for Black households and 49% for Hispanic households. While most renters earning less than 50% of AMI experience housing challenges, the problem is less severe among White and Hispanic households than Black households. This disparity is strongest among renters earning less than 30% of AMI; 84% of Black households experience housing challenges, compared to 65% of White and Hispanic households. The data indicates that affordability challenges drop significantly once the household earns above 80% AMI. However, the most recent HUD data is from prior to the start of the pandemic. When we factor in the rental market price hikes, we can assume the percentages are even higher and many low-income renters who experienced housing challenges prior to the pandemic have been displaced.

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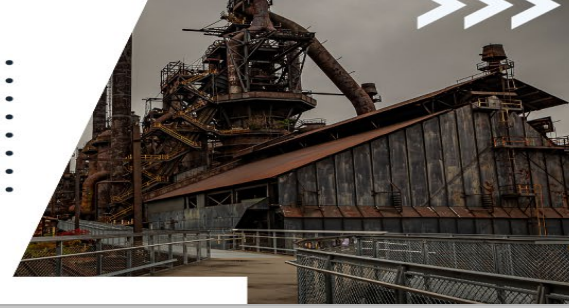
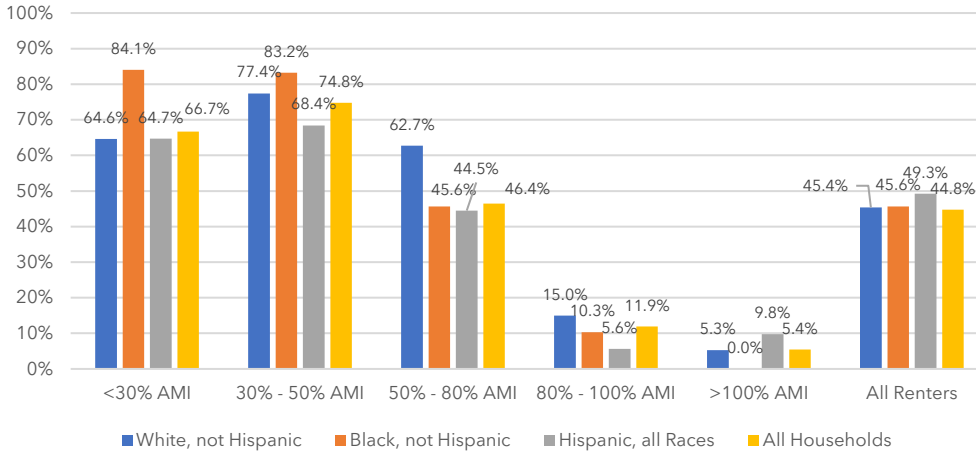
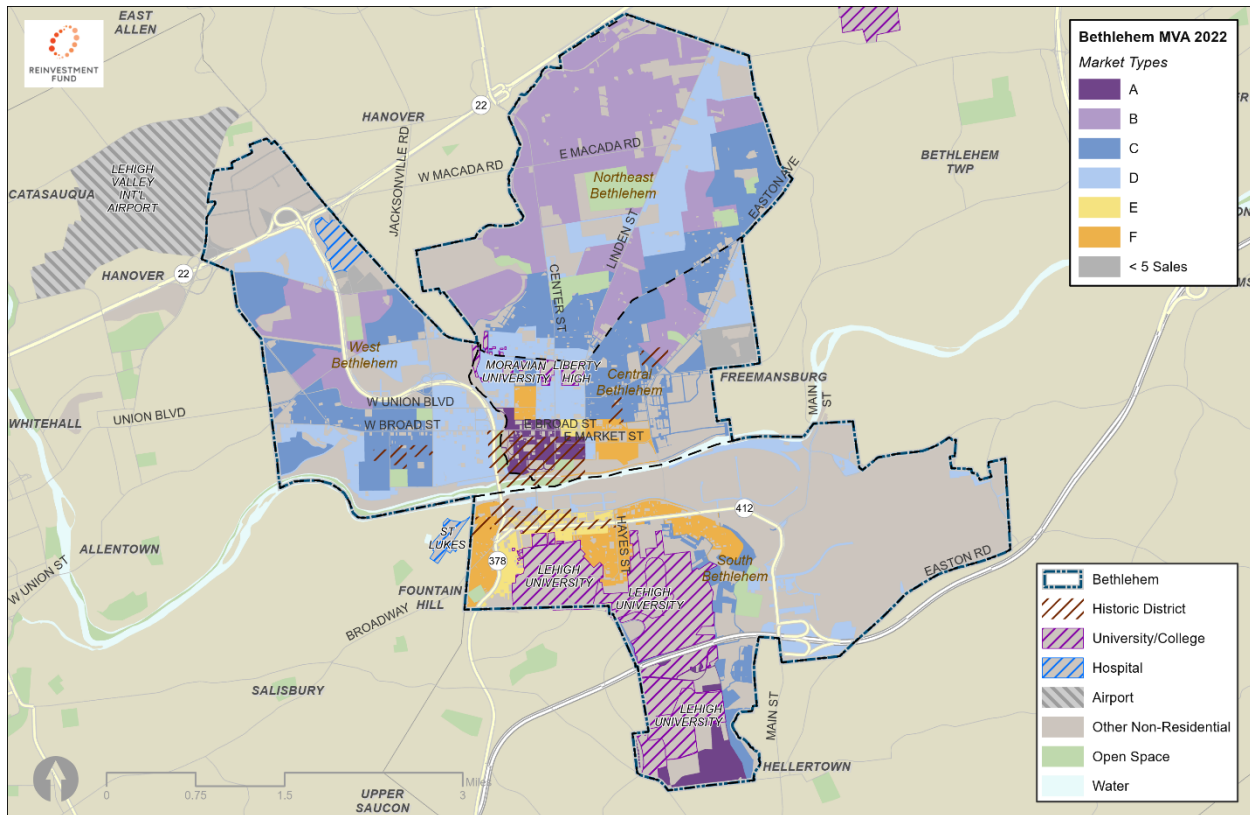


Chart 12: Renters with Housing Challenges by Race and Ethnicity in Bethlehem



Source: HUD CHAS 2022 based on ACS 2015 - 2019



The analysis above was developed in the five-year housing action plan. As a result of the action plan, the strategies discussed in this proposal were identified. Some of the strategies have a more

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specific geographic focus while other strategies are broad and cover a wider focus. The table below outlines the geographic focus of each strategy.

Strategy	Geographic Alignment
1.a – Update City Zoning	Primarily north and west of downtown in the city’s strongest B markets and C and D middle markets
1.b – ADU Pilot Program	ADUs are most suitable in areas with utility access and road frontage. The city can diversify housing stock and increase affordable rental housing in high-priced areas by targeting ADUs in the city’s strongest A and B markets and C and D middle markets north and west of downtown.
2.a – Affordable Rental Housing Construction Program	City-wide
2.b – Landlord Incentive Program	In keeping with the Housing Choice Voucher program’s goal of fostering mixed-income communities and increasing access to neighborhood services, amenities, and schools.
3.a – Create and Implement a Choice Neighborhoods Transformation Plan	Choice Neighborhoods defined neighborhood (to be determined)
3.b – Gain Site Control of Vacant Land and Buildings to Develop Affordable Housing	City-wide
4.a – Implement Eviction Prevention and Rental Assistance Program	City-wide
4.b – Increase the Supply of Deeply Affordable Units	Ongoing; city-wide

Budget and Timeline

The attached budget form details the budget for completion of all four strategies identified in this application across the grant timeline. The budget was established in part by recommendations from the Opening Doors housing plan, key partners in implementation of these strategies, and through analysis of similar projects.

If awarded a different amount of funds than what is requested, the City plans to prioritize all zoning updates and staffing updates followed by proportionally including the remaining programs. Even with less funding than requested they will be able to overcome some of the regulatory barriers.

Table by Priority

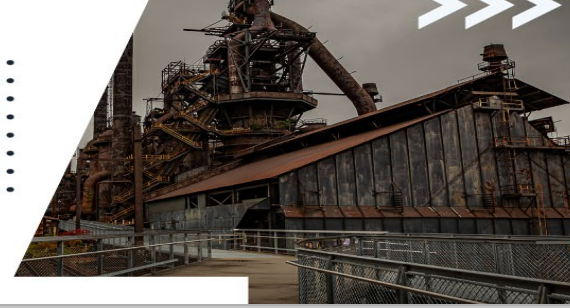
Priority 1	Strategy 1	Update zoning and land use to encourage a variety of housing types and infill development.
Priority 3	Strategy 2	Offer incentives to create and preserve affordable housing.
Priority 2	Strategy 3	Foster partnerships with the Bethlehem Housing Authority (BHA) and local institutions to support new housing and community investment

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Priority 4	Strategy 4	Protect tenants at-risk of displacement and increase the supply of deeply affordable rental units
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Strategies & Projects	Year 1	Year 2	Year 3	Year 4	Year 5
Strategy 1. Update Zoning and Land Use to Encourage a Variety of Housing Types and Infill Development					
Project 1. Update City Zoning to Encourage Neighborhood-Compatible Infill Affordable Housing Development.	x	x			
Project 2. Accessory Dwelling Unit (ADU) Pilot Program	x	x	x	x	x
Strategy 2. Offer Incentives to Create and Preserve Affordable Housing					
Project 3. Affordable Rental Housing Construction Program	x	x	x	x	x
Project 4. Landlord Incentive Program	x	x	x		
Strategy 3. Foster Partnerships with the Bethlehem Housing Authority and Local Institutions to Support New Housing and Community Investment					
Project 5. Create and Implement a Choice Neighborhoods Transformation Plan	x	x	x	x	x
Project 6. Gain Site Control of Vacant Land and Buildings to Develop Affordable Housing	x	x	x	x	x
Strategy 4. Protect Tenants at Risk of Displacement and Increase the Supply of Deeply Affordable Rental Units					
Project 7. Implement Eviction Prevention and Rental Assistance Program	x	x	x	x	x
Project 8. Establish Priority for Developing Deeply Affordable Units Within Existing Funding Programs	x	x	x	x	x
Strategy 5. Advocate For State-Enabling Affordable Housing Policies, Programs & Regional Housing Planning					
Project 9. Engage in State-Level Advocacy and Lobbying to Enhance Resources for Affordable Housing Development	x	x	x	x	x
Project 10. Support and Promote Regional Housing Planning	x	x	x	x	x

Planning Years

Implementation Years

Implementation Timeline

The strategies and key activities described in the previous section will follow the following implementation timeline (Year 1 = 2024; Year 5 = 2028):

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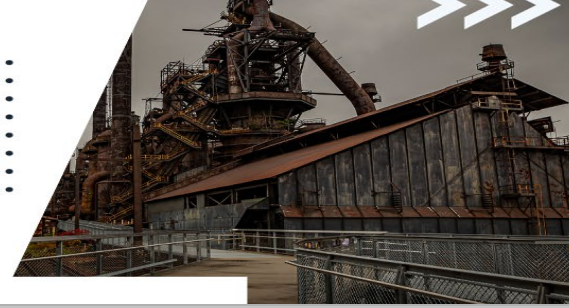


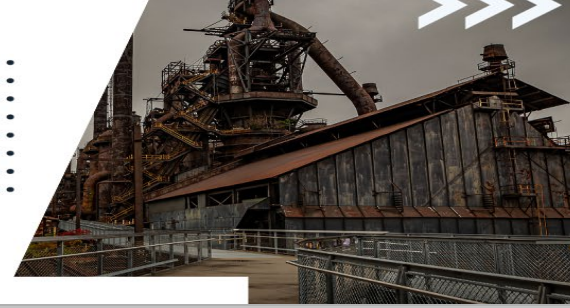
Exhibit E: Capacity *City of Bethlehem*

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The City of Bethlehem is an entitlement city receiving, over \$5.7 million in CDBG and HOME funding, from 2017 to 2022. The Community and Economic Development Department manages the federal funding, the staff is fully qualified, with a wide range of capabilities and experiences. The city's federal funding is successfully used for affordable homeownership; funding for the repair of homes owned by low-and moderate-income households; The City has administered a successful housing rehab program with CDBG funds. The Housing Rehabilitation Program helps low-and moderate-income homeowners to improve their residences, comply with City code requirements, make weatherization improvements, remediate lead paint, and pay for emergency work. The program offers two types of rehabilitation funding: Deferred Payment Loans, which only require repayment if the property is sold or a default under the loan documents occurs before the 10-year expiration; and Direct Loans, which require a monthly payment to the City, at an interest rate of 3% per annum, over a maximum of 10 years.

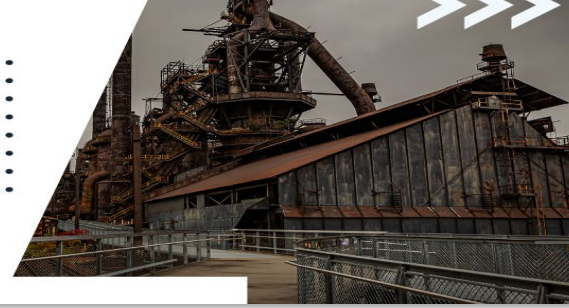
The City also administers the Homebuyer Assistance Program (BHAP), and financial counseling provides first-time homebuyers purchasing a home in Bethlehem with down payment and closing cost assistance. Homebuyers must be low-income under HOME program guidelines and must complete a first-time homebuyer counseling program provided by Community Action of Lehigh Valley. Projects awarded over \$100,000 in CDBG/HOME funds in the past five years include: Home Rehabilitation Loan Program (\$1,376,043); emergency sheltering (\$1,404,987); Emergency COVID response (\$434,302); YMCA childcare facility improvements (\$325,000); first-time homebuyer program (\$208,615); Habitat for Humanity, construction for homeownership (\$100,791); and senior housing renovation (\$119,000). Through CARES-CV the City worked with New Bethany for eviction prevention/rental assistance during the pandemic. The city has previous experience working with and coordinating with partners to produce affordable housing units. The city has previous experience in comprehensive zoning review and overhaul. Internally, the city has a highly qualified team who will work to engage neighborhood residents, local partners, and other stakeholders to implement the strategies in Opening Doors. During program years 2022 and 2023, approximately 51% of the City's aggregate CDBG and HOME funding was allocated to housing-related activities. Key housing goals include the rehabilitation of homes for affordable homeownership; financial assistance and education for first-time homebuyers; creation or preservation of affordable rental units; homeless prevention services; and financial assistance for fair housing mediation. The plan is available through the City's Community Development Bureau. The City's CDBG and HOME funds support a variety of housing-related activities. Some of these are down payment and closing cost assistance for income-qualified first-time homebuyers; home ownership financial counseling; for affordable homeownership; acquisition, rehabilitation, and development of affordable rental units; façade repair programs; funding for the repair of homes owned by low-and moderate-income households; funding for acquiring and constructing an emergency shelter.

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The **Housing Rehabilitation Program**, funded with CDBG and HOME and administered by the Community Development Bureau, helps low-and moderate-income homeowners improve their residences, comply with City code requirements, make weatherization improvements, remediate lead paint, and pay for emergency work. The program offers two types of rehabilitation funding: deferred payment loans, which only require repayment if the property is sold or a default under the loan documents occurs before the ten-year expiration; and direct loans, which require a monthly payment to the City, at an interest rate of 3% per annum, over a maximum of 10 years. Since 2021, the city has rehabilitated and provided façade repairs to more than 100 homes. The Bethlehem Health Bureau's **Lead and Healthy Homes Programs** aim to improve the health and safety of the city's housing stock as the conditions in a home can have a major impact on one's health. Healthy Homes takes a comprehensive approach to addressing multiple childhood diseases and health hazards. The Lead program makes lead testing and, potentially, remediation available for eligible households. The bureau also connects children with elevated lead blood levels to services. Both owner-occupied and rental units with income-qualifying tenants are eligible for each program. Landlord agreements include rent stabilization provisions over the life of the grant.

The **Homebuyer Assistance Program (BHAP)** and financial counseling provides first-time homebuyers purchasing a home in Bethlehem with down payment and closing cost assistance. Homebuyers must be low-income under HOME program guidelines and must complete a first-time homebuyer counseling program provided by Community Action of Lehigh Valley. Both CDBG and HOME funds support this program.

CDBG Residential Façade Programs. The City funds several residential façade programs through CDBG grants. These programs aim to improve the exterior appearance of residential properties in target areas of the City. These programs are administered by CDBG subrecipients, and depending on the program, are available for owner-occupied as well as rental properties. Examples of eligible work include exterior woodwork, painting, weatherization, doors and upper-story windows, and brick and stone masonry, and other work. The city currently partners with Community Action Development Corporation of Bethlehem, a Community Action Committee Lehigh Valley subsidiary, on façade projects throughout the city. Recent efforts focus on targeted areas in the City's southside and the Friendship Park area in the City's Northside Alive/Neighborhood Revitalization Strategy Area (NRSA).

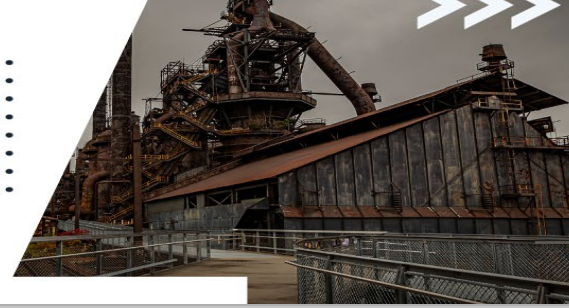
Redevelopment Authority Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund (PHARE) Residential Façade Program. Funded by state PHARE funds, this program provides an incentive to homeowners to rehabilitate the exterior of their home. Funds must be used in conjunction with the City's existing Housing Rehabilitation program. To be eligible, the property must be owner-occupied, the owner's primary residence, and located in designated areas of the city. The income of all persons residing in the home determines income eligibility.

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Single-Family Housing Acquisition/Development/Rehabilitation. The city supports local partners in the acquisition, development, and rehabilitation of single-family homes throughout the city for sale to low-and moderate-income buyers. Recent partners include the Lehigh Valley Community Land Trust, Habitat for Humanity Lehigh Valley, and Bethlehem Redevelopment Authority.

Affordable Rental; Single Room Occupancy; and Transitional Housing. In recent years, the City partnered with Greater Valley YMCA, Bethlehem Branch, to fund the heating and other improvements in rehabilitation to the YMCA's single room occupancy units. The city assisted New Bethany with funding for a new roof on their facility providing transitional housing for 28 families. Additionally, the city supported Valley Housing Development Corporation, with HOME funding, in their acquisition and rehabilitation of 22 units of affordable rental housing in a Low-Income Housing tax credit development within the City of Bethlehem. The City also partnered Moravian Development Corporation to fund the rehabilitation of 10 affordable rental units at Moravian House II.

Northampton County Residential Historic Façade Program. Utilizing non-federal funding administered by Northampton County, this program provides grant incentives for homeowners to restore the primary elevation of their home to its original historic state. The program requires properties to be owner-occupied, the primary residence of the applicant, and located in the Northside 2027 Neighborhood (Northside Alive) or the Southside Historic District.

Homelessness Assistance. In addition to several CDBG-funded food pantries supporting homeless, near-homeless, and resource-constrained clients, the City currently funds the Bethlehem Emergency Shelter which provides emergency shelter and services for homeless individuals in Bethlehem and is open during the coldest months of the year, from November to April.

HOME-ARP Non-congregate Shelter. In December of 2022, the City proposed a substantial amendment to their annual Action Plan to direct a portion of its American Rescue Plan Act funding to construct a non-congregate shelter. HUD approved the amendment in 2023.

Relevant Project Management Experience

Zoning:

In 2012, the City updated its zoning and included provisions supporting workforce housing, density bonuses, and parking relief. We have seen limited success in using these provisions to incentivize affordable housing.

ADUs:

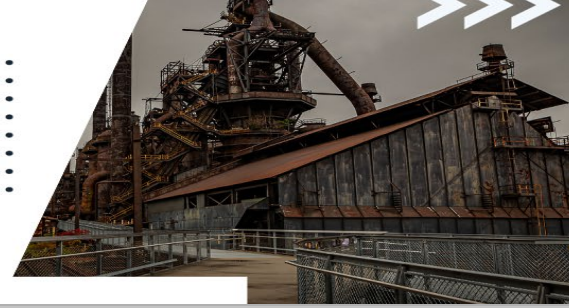
Currently, a pilot project is underway—in a coordinated effort to sustainably increase the supply and accessibility of affordable housing, Lehigh University faculty with expertise in architecture,

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city planning, political science, urban design, and public health have partnered with the City of Bethlehem (PA) and Community Action Lehigh Valley (CALV), a regional community development corporation, to research how changes to single-family zoning policy can increase the supply of quality affordable housing and expand housing choices for rent-burdened, low-to-moderate income households. The study will result in the construction of contemporary Alley House prototypes, pre-approved plans, community education and engagement, and a workforce initiative to support future construction.

Affordable Housing:

Alley house: Lehigh University has partnered with Community Action Lehigh Valley and the City of Bethlehem to pilot an innovative model for affordable housing development that sustainably optimizes available land in the City of Bethlehem. This model can responsibly increase density and provide new housing units with long-term affordability through the revival of a historic Bethlehem building type, known as the alley house. Through this program, Lehigh students, staff and faculty in the Department of Art, Architecture, and Design will work directly with program partners to design and build one to four contemporary Alley House prototypes in collaboration with community leaders and residents. This project will help determine what a responsible revival of these housing types can look like, specifically considering the rollback of Bethlehem's current single-family zoning in service of greater housing choice, accessibility, and affordability.

Eviction Prevention:

North Penn Legal Services (NPLS) is piloting the eviction diversion program currently in Allentown and Bethlehem in two magisterial district courts. NPLS selected two of the courts with the highest eviction filings in Northampton and Lehigh counties. The program is resulting in pay-to-stay agreements, which keep tenants housed.

Rental Assistance:

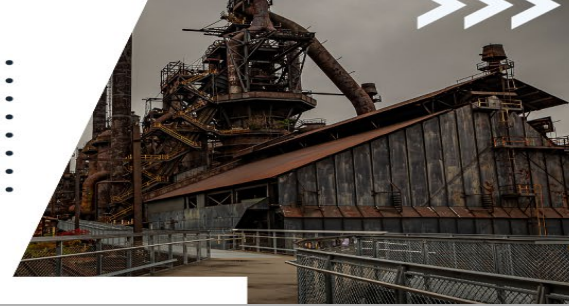
New Bethany distributed nearly \$11 million of emergency rental assistance for Northampton County and the City of Bethlehem assisting 2,384 families throughout the pandemic. The nonprofit nimbly built a team of housing navigators and an emergency rental assistance program from scratch when the need arose. Seeing the spike in families experiencing homelessness during the pandemic, New Bethany partnered with the Bethlehem Area School District to station a housing navigator in the highest need schools. While ERAP successfully kept thousands housed throughout the pandemic, the sheer volume of cases made it impossible for strong case management to occur. This new rental assistance program must have case management at its core, while placing limits on how much assistance is available.

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Grant Experience:

Lead and Healthy Homes program: Expanded into rental housing rehab for the first time. When city staff first contacted landlords to discuss repairs, several attempted to increase their tenants' rent before the work was even completed. The city then opted to require landlords receiving grant funding to commit to affordability requirements. The same landlords who tried to hike the rent were the first willing to sign the contract.

Choice Neighborhoods Planning Grant: The City and the Bethlehem Housing Authority (BHA) have partnered to submit a Choice Neighborhoods (CN) Planning Grant application to transform the Pembroke Village target housing site and the surrounding neighborhood into a more desirable community of choice.

The Redevelopment Authority obtained grant funding to raze or rehab. Once a private investor purchased the property, the RDA offered the investor grant funding if he committed to a 20-year period of affordability and built larger units to help meet the needs for family housing identified in the housing study.

Partnership with BHA: Collaborated to apply for and secure a Choice Neighborhoods Planning Grant.

Project Experience:

Northside 2027 Neighborhood Plan: Begun in 2018 and completed in 2019, The Northside 2027-Neighborhood Plan encapsulates resident priorities in a vision for the future that is feasible for the city and partners to implement. Bethlehem's northside neighborhood sits directly north of the Historic Downtown and is home to just over 5,500 residents.

The Northside features two elementary community schools, Liberty High School, Friendship Park, and nearby Moravian University. The plan focuses on the themes and issues most important to Northside residents. Each topic includes a small number of overarching goals and corresponding strategies to help the city make progress toward meeting that goal. All the goals and strategies work together to achieve a vision of a revitalized and reinvested neighborhood.

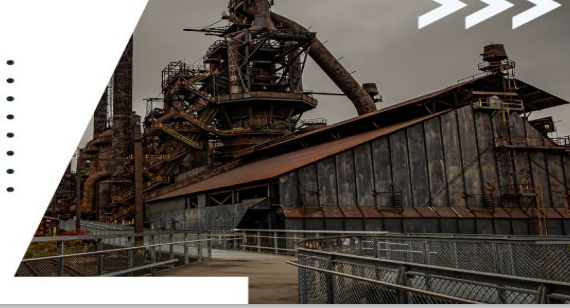
The planning process kicked off with a Steering Committee meeting, where members shared their neighborhood vision and learn about ongoing or upcoming initiatives, investments, and programs that the plan could build upon and leverage. The first planning phase extensive data gathering and analysis, from sources such as mapping data, census data, and the Reinvestment Fund's recently completed Market Value Analysis (MVA) and blight study. The plan gave the city an opportunity to harness the insights of those studies in a focused neighborhood planning context. The first and second community meetings were held during the analysis phase, to ensure residents had extensive opportunities to be heard and to shape the direction of the plan. The second community meeting

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allowed working groups to hold in-depth discussions about priority topics, which helped the draft plan to take shape.

Resident input – captured at community meetings and via surveys – drove the draft plans, vision, goals, and initial strategies. Nationwide best practices were also incorporated to ensure a well-rounded and feasible plan framework given the neighborhood’s existing conditions, challenges, and opportunities. to the Northside becoming a HUD-designated Neighborhood Revitalization Strategy Area. The plan continues to act as a tool to guide policy and funding priorities in the neighborhood. The Steering Committee remains critical to overseeing the plan implementation, allowing residents to offer meaningful input and oversight by residents.

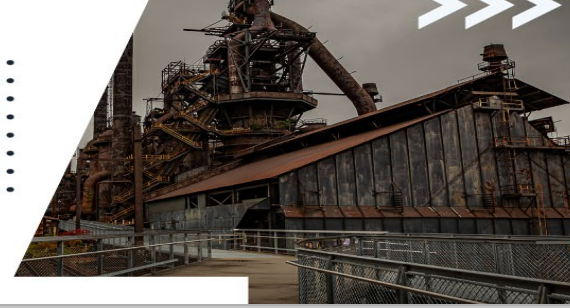
Climate Action Plan: The City of Bethlehem is committed to fighting global climate change. In February 2017, Bethlehem City Council unanimously passed a resolution endorsing the creation of a Climate Action Plan (CAP). The city, in concert with community stakeholders, working group members, and interested individuals, developed the City’s first Climate Action Plan, which will serve as a comprehensive strategy for addressing climate change in Bethlehem. The CAP sets out targeted policies, programs, and projects that will mitigate Bethlehem’s contribution to climate change and will also help the City build resilience and adapt to the effects of a changing climate. The Plan includes actions and goals for both municipal operations and the community. This allows the city government to lead by example, while residents and businesses also play key roles in helping the community prevent and prepare for the effects of climate change. The final Climate Action Plan document was released in April 2021. The plan is rooted in the principles of Equitability, Prosperity, Resiliency, Healthfulness, Inclusivity, and a Science-based approach. The CAP is the result of a collaborative planning approach. Over 10 months, hundreds of Bethlehem community members, businesses, and other stakeholders participated in developing the Plan via meetings, surveys, working groups, draft comments, and spreading the word about the Plan and projected climate impacts in Bethlehem. To ensure equity, the CAP development team utilized multiple strategies for input, including allowing for online or written feedback as well as live meeting participation. Due to the COVID-19 pandemic, the originally planned in-person meetings were adapted to a virtual environment. These virtual sessions occurred at times that accommodated a variety of working schedules. Further, to include Spanish-speaking populations, meeting announcements and minutes were produced in English and Spanish. Written and online feedback were accepted in both languages. Transparency was another key principle maintained through the engagement process. All public meeting attendees and stakeholder participants were briefed on the process, past work, status, and objectives. A webpage providing plan updates, notes, recordings, and resources was developed and hosted on the City’s website. Further, valuing participants’ time and input was a critical aim, with multiple means for providing input through surveys, mapping exercises, chat, email, interviews, and facilitated dialogue during meetings. Leveraging Nurture Nature Center’s approach to facilitating equitable dialogue between residents and policymakers

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(using a model known as From Risk to Resiliency), this planning process prioritized discussion and collecting diverse ideas over a need for consensus. The Risk to Resiliency dialogue model was built with appreciative inquiry at its core. Appreciative inquiry calls upon participants to reflect on the strengths and assets available within the community to shape and reach shared goals. As a planning tool, appreciative inquiry practices can help stakeholders identify common goals and strategies for reaching those goals. Appreciative inquiry was employed during the facilitated discussion to focus on strengths and move participants toward a shared vision through goal setting. The CAP engagement strategy reflected a triple- bottom-line approach to climate mitigation that supports all residents' health and well-being, responsible stewardship of the natural and built environment, and long-term economic growth. A public health and equity perspective informed all outreach and engagement and is an organizing and unifying concept that resonates positively with most stakeholders—particularly underserved communities that historically have been excluded from critical government decision-making processes and the community-based organizations that represent their interests. Also, the approach looks at greenhouse gas mitigation as an integrated system, rather than through more traditional divisions between, for example, energy, natural resources, public health, land use, transportation, and water. This approach provides a forum for stakeholders that otherwise might not coordinate to tackle problems bigger than their individual missions, collectively reinforcing CAP objectives.

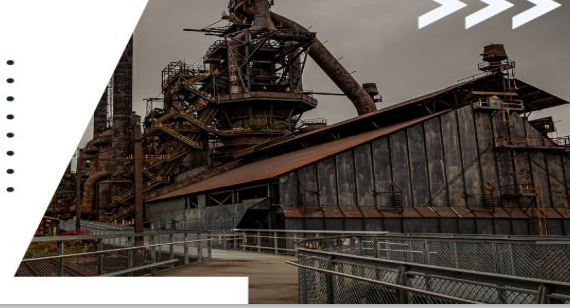
Bridge Bethlehem Study: The Study, initiated in 2021 and completed in 2022, rose out of a grassroots effort led by passionate city residents who envisioned a safer connection between the area's trails. Their idea sparked a robust civic discourse that spanned a series of public meetings and led to a vision for a true walking city. Commissioned by the City, this Study takes the important next step of exploring the feasibility of a non-auto-oriented bridge that could create a safe pedestrian and bicycle crossing over the Lehigh River in downtown Bethlehem. The objective of this Study was to engage the community in shaping a collective vision for the crossing by identifying the location of and developing three conceptual bridge alternatives, including a preferred alternative. The Study also conducted a preliminary analysis of critical considerations including environmental impacts, historic and cultural resource preservation, accessibility, permitting, parcel and right-of-way acquisition, order-of-magnitude costs, as well as an analysis of potential benefits. Lastly, the Study was intended to lay out the next set of steps necessary to advance the realization of a pedestrian bridge. Continuing the tradition of civic discourse that started during the grassroots effort was an essential part of the Study process. At the outset of the project, the city worked to develop a multi-layered Public and Stakeholder Involvement Plan to reach the widest audience possible, including audiences often underrepresented in public planning processes. The Plan was also designed to be flexible in response to the COVID-19 pandemic with activities that could take multiple forms, from in person but socially distanced activities to fully virtual and hybrid experiences. The Public and Stakeholder Involvement Plan comprised:

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- Developing a logo and branding guidelines
- Setting up a website (bridgebethlehem.com)
- Establishing a working group of area stakeholders that met at key milestones in the process
- Holding a walking tour with grassroots stakeholders
- Hosting a virtual & in person scavenger hunt to allow for social distancing
- Presenting an interactive virtual town hall
- Hosting a series of focus groups
- Inspiring a series of outdoor “conversations” on the north and south sides
- Sharing a final virtual presentation
- Setting up a final virtual preference survey regarding the final concept alternatives

The new bridge could create a dynamic new gathering space for the entire community to come together in the heart of the city with opportunities for programming, planting areas, enhanced pedestrian and cyclist mobility, and interpretive elements at key viewsheds. To estimate the full potential impact of a pedestrian bridge in Bethlehem, the city prepared an Economic Benefit Analysis based on the concept alternatives and the associated vision. Experience Conducting Asset & Needs Assessments: The Planning Team has demonstrated the capacity to conduct thorough assessments of the existing assets and needs at both the neighborhood level and individual household level of target housing residents. In addition to projects featured in previous sections, the following project illustrates our capacity in this element:

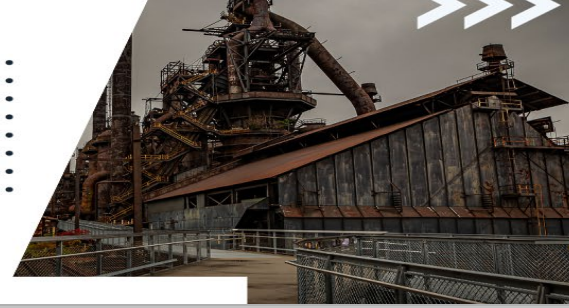
Comprehensive Housing Strategy: In late summer 2023, the city finished its year-long Comprehensive Housing Strategy planning process. Faced with a growing affordable housing crisis, the strategy aimed to identify the best policies and solutions to tackle the City’s most pressing housing issues while incorporating ongoing housing programs and efforts. The process included engaging the City, relevant stakeholders, and the community to help craft a strategy that includes creating and preserving dedicated affordable housing units, aligning housing supply with market and neighborhood housing conditions, helping households access and afford private market homes, and protecting against displacement and poor housing conditions. Communities nationwide including Bethlehem are suffering from a lack of affordable housing, and housing production is not meeting the increasing demand for accessible and available units this strategy is grounded in a data-informed understanding of housing needs and current market conditions. It factors in the economic, fiscal, and political realities that define the City’s scope of action and influence in the housing market. The resulting strategy plan will make the most progress for the most people possible given prevailing market conditions and City capacity. A Housing Survey was administered from October 20 to December 15, 2022 as part of the process. The 10-question survey, which was available in both English and Spanish, asked participants about their current housing conditions and opinions on future housing strategies. A total of 3,219 participants completed some or all the survey in person or online through the We Build Bethlehem platform.

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Data collected through this survey is being utilized to continue guiding the conversation towards creating policies and solutions to the City's most pressing housing issues.

In addition to the survey pop-up events were held throughout the city engaging residents by asking for their input on housing improvements in their community. The City of Bethlehem team set up tables at existing events asking participants to take part in three activities: A Housing Improvement Activity, a housing survey, and a map activity indicating where they reside. All three activities were designed to collect meaningful information that has helped to form strategies going forward. The Housing Improvement activity focused on collecting initial feedback from participants about a prioritization of potential housing strategies. Eight frames were set up on a table, containing different housing strategy options. Participants were each given \$100,000 in community bucks (play money) and instructed to spend their money on strategies most important to them by placing their community bucks inside the bucket located in front of each frame. Participants could either spend all their money on one strategy or disperse it among several strategies. A total of eleven pop-up engagement events were held throughout the city in the months of October, November, and December 2022. Events were selected to reach a wide geographic area, and a diverse collection of Bethlehem residents. A total of 308 residents participated in the activity spending a total of \$30,750,000 on the housing strategies. The top three strategies resulting from these activities were:

1. Housing and Services for the Homeless
2. More Homeownership Opportunities for Low-Income Working Families
3. Housing for People with Mental or Physical Disabilities or Addiction Disorders

Experience Implementing Community Development Plans: The Planning Team has demonstrated experience in implementing projects, activities and other key elements resulting from complex planning process that involved Housing, People and Neighborhood goals.

General Staffing Plan

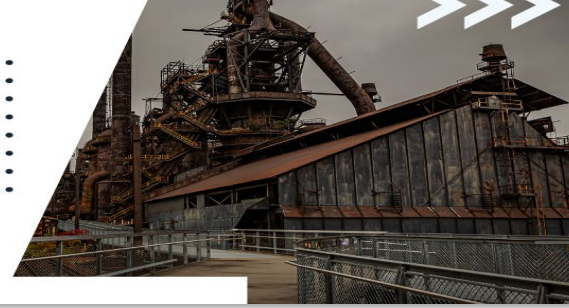
The City in collaboration with various entities and consultants will collaborate to lead the implementation process of strategies. Key partners have committed to work together to participate in the project implementation. The city has put together key city staff to lead this initiative. The Department of Community and Economic Development is led by Director Laura Collins, housing affordability is a priority issue for the Department, and Laura and her team have made great strides to continue existing successful housing programs and to imagine a future that sees greater involvement and investment from the City to tackle the dual crises of housing instability and homelessness in Bethlehem. Over the past year and a half, the Department of Community and Economic Development has led the development of a Comprehensive Housing Strategy and a Strategic Plan to Address Homelessness, which has already helped the City secure

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a highly competitive HUD Choice Neighborhoods Planning Grant for transformative investment in the City's public housing in the Pembroke-Stefko neighborhood and advance plans for the creation of permanent emergency sheltering options to house people experiencing homelessness in Bethlehem. Prior to working for the City of Bethlehem, Laura was a practicing attorney, working first as a litigation associate at Covington & Burling LLP in Washington, D.C. and then as a judicial law clerk on the United States District Court for the District of Columbia. Laura received her undergraduate degree in Political Science with a minor in Peace and Justice Studies from Villanova University in 2010. She received her juris doctorate and graduated *summa cum laude* from American University Washington College of Law in 2018. Laura is admitted to practice law in Pennsylvania and Washington D.C. The Deputy Director of Economic Development Alicia Miller Karner. [Ms. Karner also leads the city's Redevelopment Authority, the Bethlehem Revitalization and Improvement Authority and is a board member and Executive Director of the Bethlehem Economic Development Corporation. In this role, she manages the city's economic development incentives, including LERTA \(a property tax abatement program\), the Keystone Innovation Zone, and the City Revitalization and Improvement Zone. She helped to create and manages the Southside Arts District, a commercial revitalization and improvement program; the Southside Ambassadors, a clean and safe initiative; and Pi, the city's small business incubator.](#)

The Deputy Director of Community Development Sara Satullo. Ms. Satullo oversees the Community Development and Housing Inspection bureaus, while Ms. Karner supervises Economic Development, Planning and Zoning and Code Enforcement. In addition to these bureaus, the director also oversees the Health and Recycling bureaus. Ms. Satullo has been project manager for two of the city's recent major initiatives: its Strategic Plan to Address Homelessness and its Comprehensive Housing Strategy plan. She also oversees the NRSA-designated Northside Alive neighborhood program and serves on the governing board of the Lehigh Valley Regional Homelessness Advisory Board. She is also the city's project manager for its Stefko-Pembroke Choice Neighborhood Planning grant. She oversees the bureau administering all the City's CDBG/HOME funding. She also supervises the housing inspection bureau, which annually licenses and inspects the city's 15,000 rental units on a three-year cycle as well as all properties for sale.

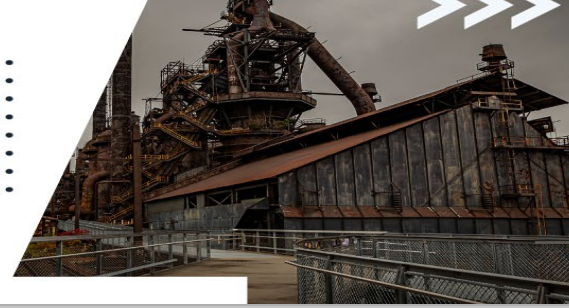
Robert G. Vidoni heads the City's Community Development Bureau (CD Bureau) that administers CDBG, HOME, and other community development and housing grants, including federal Community Project Funding grants. The City's Housing Rehabilitation program is housed in this bureau, funded with CDBG, HOME, state, and county funds, and focuses on maintaining and improving City's housing stock. The bureau also manages HOME-funded affordable housing development. Moreover, it administers the City's Neighborhood Revitalization Strategy Area (NRSA) and coordinates with the City Redevelopment Authority to manage the City's first-time homebuyer downpayment and closing cost assistance program. Mr. Vidoni worked for Bethlehem

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City Council for more than seven years, managing the office and legislative process for two years. He is a licensed Pennsylvania attorney with a background in real estate and corporate law. Additionally, he served on the board of the Lehigh Valley Community Land Trust, funded with HOME and CDBG, and approved affordable housing allocations on the Lehigh County Affordable Housing Trust Fund Advisory Committee. Darlene Heller has held the position of Director of the Bureau of Planning and Zoning for 23 years. The Bureau administers the Planning Commission, Zoning Hearing Board and two local ordinance historic review boards. The Bureau oversees all aspects of long range and Comprehensive Planning for Bethlehem as well as neighborhood, recreation, and other specific planning projects. Ms. Heller has guided the city through the adoption of the City's current Comprehensive Plan and Zoning Ordinance, along with other significant plans such as the South Bethlehem Greenway Plan and neighborhood planning studies. She represents the City on regional boards and commissions such as the Lehigh Valley Planning Commission and Lehigh Valley Transportation Study. The Planning Bureau coordinates with other city departments for grant coordination, capital planning and development projects.

Organizational list that identifies names and positions of key management and full-time staff for proposed PRO Housing activities.

Laura Collins, Director of Community and Economic Development
Sara Satullo, Deputy Director, Community Development
Alicia Miller Karner, Deputy Director, Economic Development
Darlene Heller, Director, Planning and Zoning
Craig Pfeiffer, Assistant Director, Planning and Zoning
Janine Carambot Santoro, Director, Equity, and Inclusion
Maison Allen, City Grants Manager
Michael Simonson, Chief Building Code Official
Paige Stefanelli, Zoning Officer
Robert Vidoni, Community Development and Housing Administrator.
Trevor Gross, Grants Administrator
Heather Bambu, Grants program manager
Tiffany Wismer, Business Manager
Celina Daddario, Neighborhood Coordinator
Sheila Rhett, Housing Rehab Specialist
Perry Rizzetto, Rehab Technical Specialist

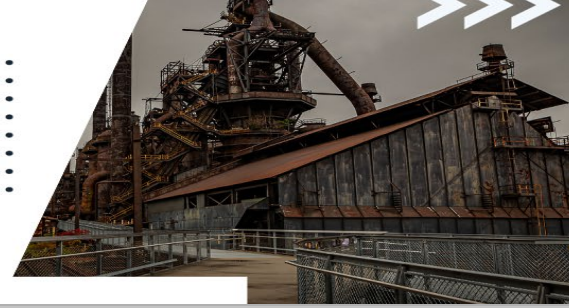
Additionally, the city would like to create two new positions to help with the implementation of strategies 1 – 4 internally, dedicating much of their time on pro grant activities.

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Senior Planner: This new position would expand the capacity of the city's three-member Planning and Zoning Bureau. The new senior planner would increase departmental capacity to better allow Ms. Heller to take a leadership role in the process of updating the city's zoning and land use to remove existing barriers to affordable housing production. The senior planner would assist in reviewing, updating, and adopting zoning and land use ordinances that further the City's affordable housing goals, consistent with the recommendations of the City's Comprehensive Housing Strategy.

- Assists in the preparation of basic studies or master plans in the city addressing issues such as land use, housing, neighborhood, and recreation planning.
- Assists in the preparation of the City's Comprehensive Plan, Zoning Ordinance, and the Subdivision Ordinance.
- Assists in the coordination of planning efforts with other outside agencies and with other bureaus and departments within City Hall.
- Acts as the city point of contact for all property owners, developers, engineers, and other professionals interested in affordable housing development projects.
- Provides streamlined assistance, review, and approval of affordable housing development projects under the direction of the Director of Planning and Zoning.
- Proficient in GIS data analysis and mapping. Utilizes data, mapping, spatial analysis, and modeling to make strategic planning, zoning, and land use decisions. Reviews and drafts amendments to the Zoning and Subdivision & Land Development ordinances and the zoning map.

Housing Policy Lead: This new position would primarily be responsible for assisting with the implementation of policy and programmatic recommendations for the City's Comprehensive Housing strategy within the purview of the Community Development bureau.

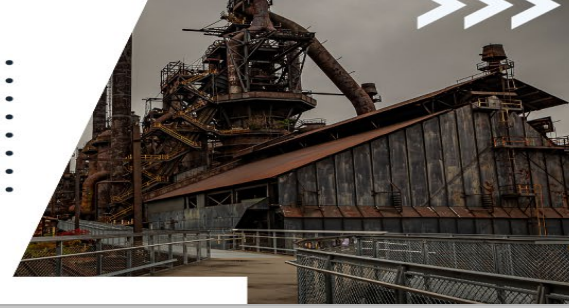
- Collaborates with internal and external partners to assist in the development of an accessory dwelling unit program, including with the formation of actionable program guidelines, policies to ensure affordability, funding to support affordability, and resources to assist homeowners in taking advantage of the program.
- Manages the creation of an affordable rental construction program and oversees the program's implementation, which includes working with a professional consultant to create the program, program, and policy guidelines, establish compliance and monitoring documentation, and administer the program from project solicitation to closeout.
- Liaison with the Bethlehem Housing Authority to help get more vouchers in use through a landlord incentive program. Helps connect developers interested in project-based vouchers with the BHA.

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- Support the City team leading the two-year Choice Neighborhoods Planning Grant, as requested, and directed by the Deputy Director of Community Development and/or Director of Planning and Zoning.
- Liaison with nonprofit community partners to advance eviction prevention programs, including rental assistance and eviction diversion.
- Reviews, proposes, and advises on housing policy and programs.

Partnership Staffing Plan

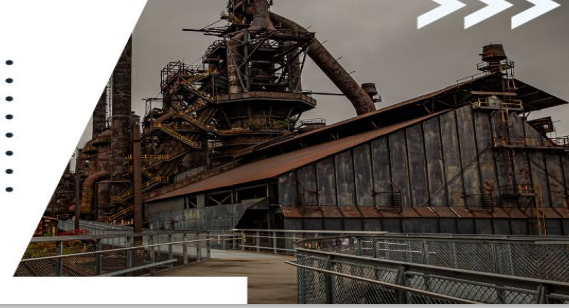
The city will also work collaboratively with new consultants and existing organizations, to accomplish the activities outlined within this proposal. The city will spearhead the planning and collaboration, of the various implementation strategies which all require different staffing plans and capacity requirements.

1.a. Update City Zoning to Encourage Neighborhood-Compatible Infill Affordable Housing Development.

The city will lead this initiative by hiring a qualified planning consultant through the Request for Proposal (RFP) process as per the city traditional procurement regulations. The Request for Proposal process requires a team of qualified city personnel, and community members to score proposals based on the work scope provided in the RFP solicitation. The consultant with the highest score, gets awarded. This consultant will work collaboratively with the city and city residents to review current ordinances and develop guidelines for updating and adopting ordinance revisions. The City of Bethlehem, administration and council have the authority to effectively implement and enforce the reforms that come from updating zoning. The city would also hire a staff person to provide streamlined assistance review and approval of affordable housing development projects. This hire will serve as an advocate for affordable housing, on a zoning level, looking, exploring, and creating various pathways and opportunities through the zoning process making affordable housing seamless and feasible to city residents and developers.

Staffing Plan

- Implementation lead: Bethlehem Planning and Zoning Bureau
- Relevant experience – Comprehensive planning, zoning overhaul and ongoing zoning review and revisions. Creation of affordable housing overlay. Extensive community planning experience.
- Building capacity: Via consultants and adding a senior planner position. Historically, the bureau has used consultants for zoning work in the past.
- Land use/zoning within our jurisdiction as a local municipal government in Pennsylvania.



1.b. Accessory Dwelling Unit (ADU) Pilot Program

The city will lead this initiative by hiring a qualified technical advisor through the Request for Proposal (RFP) process as per the city traditional procurement regulations. The Request for Proposal process requires a team of qualified city personnel, and community members to score proposals based on the work scope provided in the RFP solicitation. The consultant with the highest score, gets awarded. This consultant will review current ordinances and develop program guidelines for special exceptions. The city will also hire an architecture firm through the traditional procurement process to create specific design guidelines and provide technical assistance and resources to homeowners. The city will also work with a nonprofit organization to provide low-to moderate-income families funding for predevelopment costs like permits and site plans.

Staffing Plan

- Implementation lead: Planning and Zoning/ Community Development and Lehigh University
- Relevant experience: Planning and Zoning and Community Development bureaus as well as Lehigh University team.
- Building capacity: Via consultants, collaboration with Lehigh University and two new positions (senior housing planner/ housing policy lead)
- Land use/zoning within our jurisdiction as a local municipal government in Pennsylvania.

2.a. Affordable Rental Housing Construction Program

The city will lead this initiative by hiring a qualified technical advisor through the Request for Proposal (RFP) process as per the city traditional procurement regulations. The Request for Proposal process requires a team of qualified city personnel, and community members to score proposals based on the work scope provided in the RFP solicitation. The consultant with the highest score gets awarded. This consultant will have experience designing and administering multi-family gap funding using federal funds to create the program and policy guidelines, establish compliance and monitoring documentation aligned with respective funding sources, and administer the program from project solicitation to closeout.

Staffing Plan

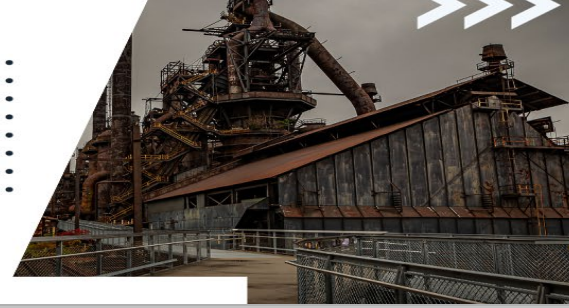
- Implementation lead: Community Development as well as Planning and Zoning/Economic Development
- Relevant Experience: Our Community Development Bureau has extensive experience administering complex housing programs funded by federal dollars.
- Building capacity: Consultant, new Housing Policy Lead position.
- Within our jurisdiction as a local municipal government

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2.b. Landlord Incentive Program

The City will work in collaboration with the Bethlehem Housing Authority (BHA) to create a landlord incentive program that would operate as a stopgap measure to ensure placement of unused Housing Choice Vouchers. The City will lead in possible collaboration with a nonprofit organization to offer additional rental assistance in conjunction with the Housing Choice Voucher offered by the Bethlehem Housing Authority to create the landlord incentive program. The Bethlehem Housing Authority has jurisdiction over the Housing Choice Vouchers in the city, the City of Bethlehem has the authority and capacity to spearhead a landlord incentive program. The City has recently partnered with BHA: to apply for and secure a Choice Neighborhoods Planning Grant. Although the City and housing authority have not collaborated on any transformative project like this in the past, the process of applying for this current planning grant has taught us that we can be successful in breaking down silos and combine our talents and resources to advance meaningful housing projects. The city also received a \$4 million Lead and Healthy Homes grant that is allowing for lead rehabilitations and code repairs to be made to rental properties, broadening and enforced the relationship between landlords and the city. The city thus far has rehabbed a total of 19 homes within the city, four of them being rentals.

Staffing Plan

- Implementation Lead: Community Development/ BHA
- Relevant Experience: The BHA distributes HCV already; this incentive will hopefully get more in circulation. Our Community Development Bureau works closely with subrecipients executing federal programs.
- Building capacity: The program is dependent on BHA partner capacity. If they could not partner with the City, we could work directly with landlords accepting HCV, Northampton County Housing authority targeting Bethlehem residents or via Lehigh Valley Regional Homelessness Advisory Board landlord incentive program. New Housing Policy Lead position will act as liaison and develop program.
- Within our jurisdiction as a local municipal government

3.a. Create and Implement a Choice Neighborhoods Transformation Plan

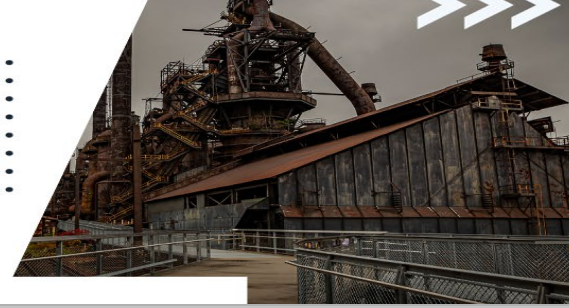
The City has been awarded a FY 2023 Choice Neighborhoods Planning Grant to hire a consultant to create a transformation plan for the Stefko-Pembroke neighborhood of Bethlehem. Experienced planning coordinator COLLABO will assist the City and BHA in leading a robust and inclusive planning process. The City and the Bethlehem Housing Authority will work collaboratively, through this initiative. Planning partners for this activity include the Northeast Community Center,

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Boys & Girls Club, Northampton Community College, Lehigh Valley Health Network, St. Luke's University Health Network and Just Born Confections. The City will work with community leaders, and housing stakeholders to establish the relationships and working groups needed to implement a transformation plan. It will propose neighborhood investments and programs for residents around health, education, safety, and economic development. If awarded the Pro Housing grant, the city will use funding for implementation of strategies within the Choice Neighborhoods Transformation Plan.

COLLABO Principal Adam Rosa, AICP, has extensive experience in leading twelve successful Choice Neighborhoods (CN) Plans and is currently serving as the Planning Coordinator for the cities of Steubenville, OH (FY 22), Harrisburg, PA (FY 22), and Gainesville, FL (FY 23). COLLABO recently completed CN Plans for Fayetteville, NC and the Greater Easton, PA Development Partnership that are moving forward into implementation (FY21 grantees). Based on processes led by Adam, HUD has recently awarded the cities of Tulsa and Flint CN Implementation Grants between \$30m and \$50m to help move their Transformation Plans forward. Tulsa's Envision Comanche Master Plan was also recently recognized for a 2020 SEED Award for Justice, Equity, Diversity and Inclusion in Design by the NAACP and National Organization of Minority Architects (NOMA). The Easton and Fayetteville Choice Neighborhood Plans were both recognized by the state chapters of the American Planning Association for their excellence.

Staffing Plan

- Implementation lead: Community Development/ Planning and Zoning Bureau/ BHA
- Relevant Experience: Both city and BHA have significant federal program management experience. Collabo has extensive Choice experience.
 - Comprehensive Housing Strategy Committee comprised of many crucial Choice partners who have already signed letters committing them to Choice planning committees. Our Blight Study included a broad committee as well. Our City Health Bureau works closely with the two health networks and conducts community health needs assessments.
 - Moravian University/ Bethlehem Area School District important planning partners during Northside 2027/ now Northside Alive a HUD NRSA-designated neighborhood.
- Building capacity: Contracting with Collabo, creating housing policy lead and senior planner positions to augment existing bureau staffing.
- Within our jurisdiction as a local municipal government.

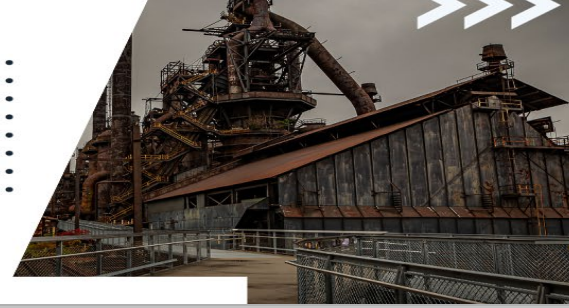
3.b Gain Site Control of Vacant Land and Buildings to Develop Affordable Housing

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The city will work in collaboration with the Bethlehem Housing Authority (BHA) throughout this initiative. City staff in the Community and Economic Development office, will create a list of properties designated for affordable housing currently owned by public entities, universities, and hospitals. Work with the City's Planning and Zoning, BHA, Lehigh and Moravian universities, St. Luke's University and Lehigh Valley health networks, to identify sites available for affordable housing development. These partners indicated potential willingness to enter into ground-leasing agreements of unused properties for the purpose of affordable housing development, as either a contribution or as a ground-lease priced at market value. If awarded these funds, the city will acquire property and donate, sell or ground-lease the property to a selected developer. The city will be responsible for the financial output of this initiative providing grants or loans to community housing development organization (CHDO). The BHA currently has a nonprofit organization capable of acquiring property, applying for Low Income Housing Tax credits as a developer, building new housing, and building and selling homes for ownership.

Staffing Plan

- Implementation lead: Community Development/ Planning and Zoning Bureau/ BHA
- Relevant Experience: Both city and BHA have significant federal program management experience. Collabo has extensive Choice experience.
 - Comprehensive Housing Strategy Committee comprised of many crucial Choice partners who have already signed letters committing them to Choice planning committees. Our Blight Study included a broad committee as well. Our City Health Bureau works closely with the two health networks and conducts community health needs assessments.
 - Moravian University/ Bethlehem Area School District important planning partners during Northside 2027/ now Northside Alive a HUD NRSA-designated neighborhood.
- Building capacity: Contracting with Collabo, creating housing policy lead and senior planner positions to augment existing bureau staffing.
- Within our jurisdiction as a local municipal government.

4.a. Implement Eviction Prevention and Rental Assistance Program

Using Covid-19 funding, the City partnered with New Bethany to offer rental assistance to landlords and low- to moderate- income renters in the city. The program assisted 2,384 families. New Bethany and North Penn Legal Services (NPLS) are piloting an eviction diversion program in one South Bethlehem District Magistrate's Court funded by PHARE and a United Way/PPL grant funding. One day a week the court is dedicated to eviction proceedings. Lori A. Molloy the Executive Director will oversee this program. Lori Molloy started work for Lehigh Valley Legal

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Services in 1997, first as a staff attorney and then managing attorney. She eventually took on the role of Director of Legal Advocacy for North Penn Legal Services and is now the Executive Director. Ms. Molloy is a graduate of Johns Hopkins University and Temple University School of Law. She works out of our Bethlehem location. Moreover, A NPLS attorney spends that day in the office negotiating pay-to-stay agreements with rental assistance administered by New Bethany NPLS acts as the City's fair housing provider.

The city will continue to work with local nonprofit New Bethany and North Penn Legal Services to administer the Eviction Prevention and Rental Assistance Program. New Bethany will administer the city's rental assistance funding to families at-risk of eviction due to financial hardship, as well as provide referral services to other housing providers. New Bethany will dedicate case workers to work with the residents of Bethlehem. NPLS will provide available and experienced attorneys and paralegals for mediation services to resolve disputes between landlords and tenants outside the court system and serve as a resource for tenants' rights.

Staffing Plan

- Implementation lead: Community Development internally. Rental: New Bethany Eviction Diversion: North Penn Legal Services with rental assistance coming via New Bethany
- Relevant Experience: The City has extensive experience administering federal programs. New Bethany has distribute over \$11 million in emergency rental assistance. New Bethany and North Penn are existing federal grant subrecipients of the City and we have existing strong relationships.
- Building Capacity: This funding allows New Bethany and North Penn to build necessary capacity with case management, paralegal and another attorney.
- Within our jurisdiction as a local municipal government

4.b Increase the Supply of Deeply Affordable Units

The city will review existing and forthcoming housing programs and prioritize deeply affordable units through scoring criteria and set asides. Encourage or require new affordable housing development that receives City funding or support to accept Housing Choice Vouchers (HCV). Work with the Bethlehem Housing Authority (BHA) to increase HCV utilization, access other voucher providers (e.g. VASH vouchers, PSH vouchers), and maximize the project-based voucher program. Support the BHA's nonprofit organization and develop more affordable units through priority in its current funding programs or as a set-aside of available funds.

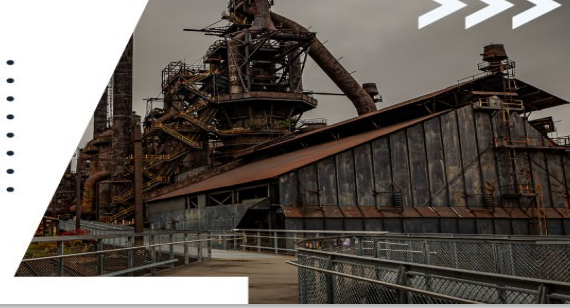
City Staffing Plan

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The City of Bethlehem has a long-standing relationship with Michael Baker International (MBI). Previously MBI partnered with the city to complete the 2023 CAPER, 2023 Action Plan, 2023-2024 Environmental Reviews and most recently entered a new contract extension to execute the city's Five-Year Consolidated Plan. It is imperative that MBI and the city continue to work collaboratively. The upcoming Five-Year Consolidated Plan will be heavily community based. Ensuring that all parties and voices are heard throughout the city. With a consistent working relationship, MBI can aid the city in not only creating a viable plan but implementing activities to support the initiatives within the plan. Furthermore, being involved in the writing of the Pro Housing Grant, further solidifies, and adds the coordination between MBI and the city. If awarded this grant, these strategies will be a significant pillar for affordable housing in the city.

MBI's staff is experienced in carrying out a wide range of activities including grant writing, management, program collaboration, development, and execution. MBI believes that community pulse is important, therefore the team chosen to write this grant have experience working with similar communities to Bethlehem. Clary Peralta-Colon, MPA; Project Manager, has over 10 years of governmental experience, working for Lehigh County, in which Bethlehem is a part of, as well as the sister city to Bethlehem; Allentown, PA. Clary has a local vested interest in the progression of affordable housing in the city of Bethlehem. Clary has experience using a variety of funding sources. These include local, state, and federal funds such as Community Development Block Grant, Home Investment Partnerships (HOME), Emergency Solutions Grant (ESG) ARPA, ARPA-HOME, COVID-19 ESG -CDBG, Neighborhood Stabilization Program (NSP).

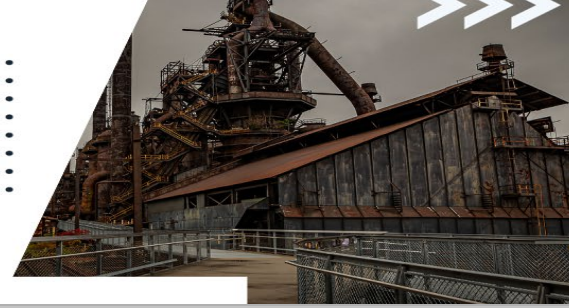
Katherine Wilde, Planner has over 6 years of experience grant developing, writing, and managing, with a focus in Pennsylvania. Katherine has experience with transportation and community planning, as well as GIS. Previously Katherine working in the public sector with a local development agency and Metropolitan Planning Organization (MPO). With a focus on transportation planning, she was the Chair of the Middle Susquehanna Active Transportation Committee and provided support to local communities wanting to pursue funding. She also aided in updates of Transportation Improvement Programs, a Long-Range Transportation Plan (LRTP), Environmental Justice (EJ), Title VI, and Limited English Proficiency Plan documents. Her public funding experience includes a focus on U.S. DOT sources as well as state programs in Pennsylvania. Maya Ziab, Housing Planner Ms. Ziab, she graduated from Rutgers University in 2022 with a Bachelor of Science in Environmental Policy, Institutions and Behavior. Her program revolved around Human Ecology, the sociological study of human interactions with the environment. Maya has a wide range of experience working on various HUD-funded projects

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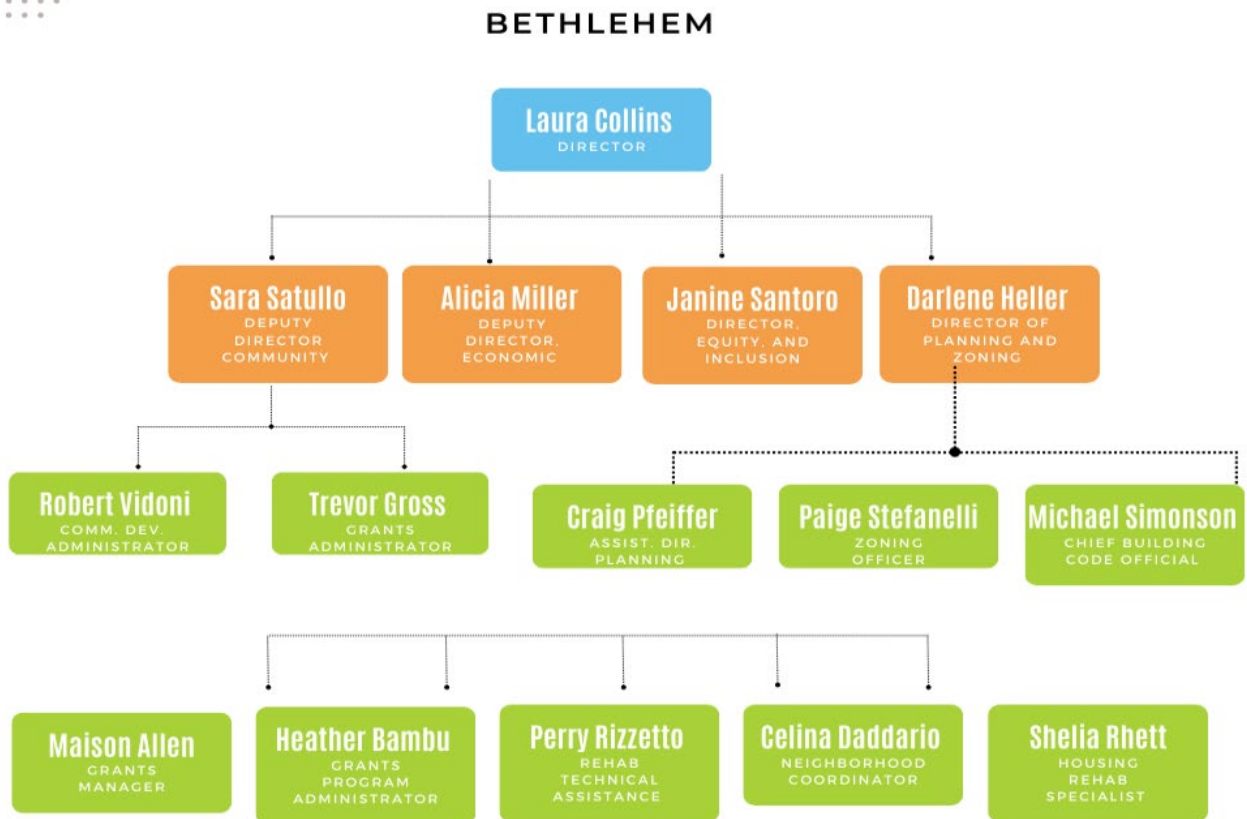
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such as HOME Tenant-Based Rental Assistance program, and Community Development Block Grant (CDBG) Administration.

Holistically MBI has assisted jurisdictions with procuring and administering state and federal grants and developing and managing grant-funded first-time homebuyer and residential rehabilitation assistance, commercial façade improvement, public facility/infrastructure, and public service programs. MBI has extensive experience in HUD grant administration services including reporting (consolidated plan, annual action plans, CAPER plans, environmental reviews, monitoring, financial, IDIS reconciliation, staff training, and community outreach.

Organizational Chart



The organizational chart illustrates the core PRO Housing team. The new positions created will go under Sara Satullo and Darlene Heller to allow more dedicated staff time to PRO Housing activities.

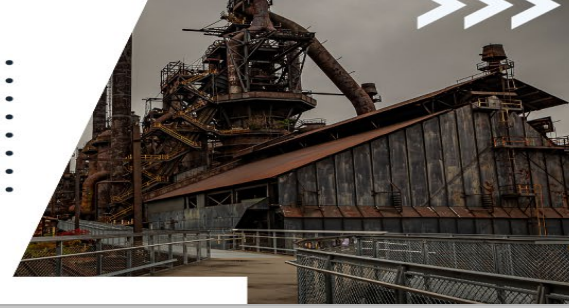
Civil rights and fair housing

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Director of Equity and Inclusion: In 2021, Bethlehem became the first Lehigh Valley city with a Director of Equity and Inclusion, Janine Carambot Santoro. Santoro is tasked with looking at government initiatives through the lens of equality for Bethlehem residents. The role was created with a vision of making a more equitable Bethlehem — one that doesn't leave any citizen behind. Santoro is tasked with working alongside the mayor to make strides on an equity front. A subject of her focus is navigating local conversations that perceive the government to be doing things to the community, as opposed to for the community. Through creating equity plans for the city of Bethlehem, looking at broadband plans and working on building a permanent homeless shelter, Santoro is hoping to make strides toward a more inclusive city. The current administration continues to ask: "How do we fill in the gaps of access, and how can we create tangible steps, week by week, to overcome some historical hurt and perception that what we do isn't accessible and that we are not involved in the community?" Ms. Santoro will be an integral part all planning efforts throughout the city.

NPLS: NPLS advises and represents clients facing housing discrimination, primarily in rental housing utilizing the Fair Housing Act and related laws to request reasonable accommodations and/or modifications for people with disabilities who are facing adverse housing actions. In addition, North Penn Legal Services has developed an Access to Counsel program to provide on-site representation to tenants facing eviction. This is a program that was piloted starting in August 2022. During the period from August 9, 2022, through July 31, 2023, they have handled approximately 312 cases, with 16 cases still open. 110 cases where eviction was prevented, or housing preserved; 31 cases where illegal charges were overcome; 16 cases where tenant's rights to repairs and/or habitable housing were enforced. 26 clients received specific advice or brief services. 111 clients were represented in court proceedings. Financial benefits documented included avoidance of over \$82,000 in alleged debt and recovery of over \$1000 in money owed to the tenant."

New Bethany: In light of disparities in opportunity and living standards seen in our community each day, New Bethany seeks equity by offering hope and support to individuals and families who experience poverty, hunger, and homelessness. Through care, dignity, opportunity, voluntarism, philanthropy, justice, and innovation, New Bethany contributes to a more diverse, equitable community, including the people we serve, our volunteers and Board, and our Staff. New Bethany is committed to treating each person, regardless of circumstances, without judgment. No one who seeks help is turned away.

Lehigh University : Diversity, Inclusion & Equity Plan 2021-2026; Lehigh is committed to being an institution that strives to enhance diversity, inclusion and equity. Our ongoing goal is to ensure that all members of our community feel safe, valued, and welcome. We have made important progress in strengthening our ability to listen, learn, adapt, improve, challenge, change and lead.

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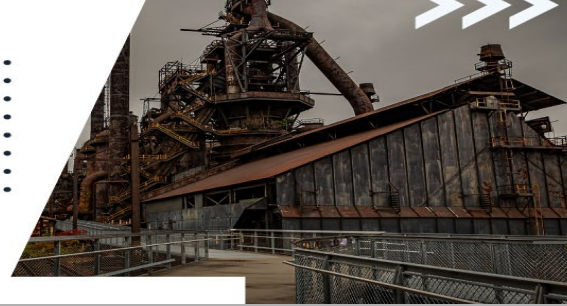


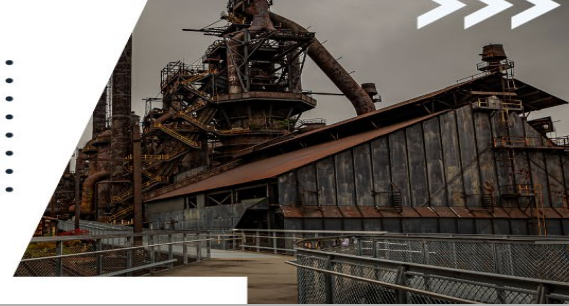
Exhibit F: Leverage *City of Bethlehem*

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Leverage commitments as percent of grant funds requested	Points awarded
50 percent and above	10
Between 40.00 and 49.99 percent	8
Between 30.00 and 39.99 percent	6
Between 20.00 and 29.99 percent	4
Between 10.00 and 19.99 percent	2
Below 10.00 percent	0

The City of Bethlehem will be awarded 10 extra point for leverage.

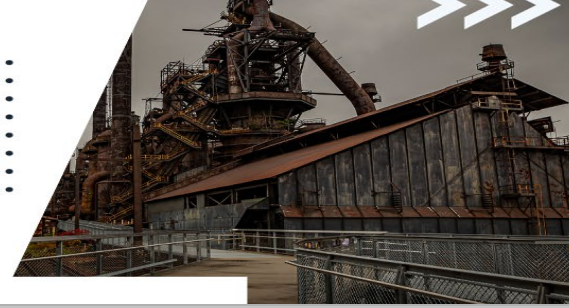
The Mayor and City Council of the City of Bethlehem have allocated \$5 million dollars of general funds to be allocated to affordable housing initiatives specifically to aid in those strategies outlined in the Opening Doors plan. The city has also received a Choice Neighborhoods grant for \$500,000, which will allow the City and Bethlehem Housing Authority create a neighborhood transformation plan for the Stefko-Pembroke area. The Bethlehem Housing Authority and City each have also dedicated \$75,000.00 as leverage for its Choice application.

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Mayors Dedication of 5 million to affordable housing

Housing

While city officials and advocates effused optimism about the city's future, several acknowledged that affordable housing is perhaps its biggest hurdle.

The median rent in Bethlehem has skyrocketed by over \$400 since the pandemic began, and the vacancy rate across all city housing units is just 2%, which is a "crisis" level, according to Bethlehem deputy director of community development Sara Satullo.

Its a problem that's plaguing not just Bethlehem but the entire Lehigh Valley, Satullo said, as the region's average rental prices surpassed Philadelphia's in late 2020.

The city is in its final stages of implementing an affordable housing strategy, which will be presented in early summer. That strategy will serve as the "blueprint" for a \$5 million investment in affordable housing that Reynolds and city council passed as part of the 2023 budget, using American Rescue Plan dollars.

The city is also exploring the possibility of opening a permanent, year-round homeless shelter. The Bethlehem emergency shelter operates between April and November and relies mostly on volunteers and a "shoestring budget," Satullo said.

"We cannot keep relying on volunteers for this work alone," she said.

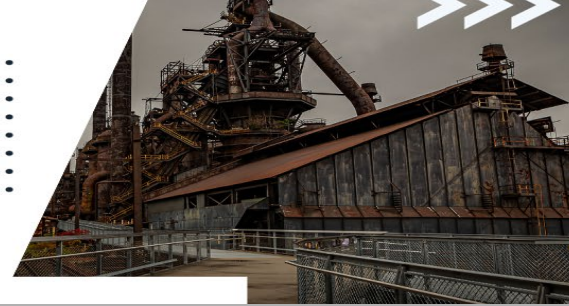
Newspaper article can be found here: <https://www.mcall.com/2023/04/06/bethlehem-mayor-state-city-address/>

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Choice Award Letter:



ASSISTANT SECRETARY FOR
PUBLIC AND INDIAN HOUSING

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-5000

September 13, 2023

The Honorable J. William Reynolds
Mayor of Bethlehem
10 East Church Street
Bethlehem, PA 18018-6005

Mr. John Ritter
Interim Executive Director
Bethlehem Housing Authority
645 Main Street, 4th Floor
Bethlehem, PA 18018-6005

Dear Mayor Reynolds and Mr. Ritter:

Congratulations! We are pleased to inform you that the City of Bethlehem and the Bethlehem Housing Authority have been selected to receive a Fiscal Year (FY) 2023 Choice Neighborhoods Planning Grant in the amount of \$500,000 to support the development of a comprehensive neighborhood Transformation Plan for Pembroke Village in the Stefko/Pembroke neighborhood. The Department looks forward to working with you to accomplish the goals of this grant.

HUD received 28 applications for the FY 2023 Choice Neighborhoods Planning Grants competition from across the nation and awarded 14 grants totaling \$7,000,000. You are to be commended for your efforts to develop a viable, feasible approach to plan for neighborhood transformation. For your information, enclosed are the scores for each rating factor in your application.

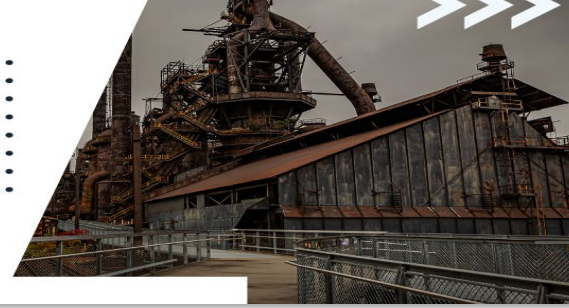
As you know, Planning Grants will enable communities to create a rigorously-developed plan and build the support necessary for neighborhood transformation to be successful. The implementation of a Choice Neighborhoods Planning Grant is a great responsibility. Accordingly, it will be essential for you to work closely with HUD officials to ensure that the Transformation Plan is developed in a timely and efficient manner. You will soon receive a letter that will provide you with detailed information about your grant.

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Bethlehem Housing Authority Choice Budget allocation

Applicant: → City of Bethlehem

Community Name: → Stefko / Pembroke Neighborhood

12/4

Line No.	Cat. #	Budget Line Item and Proposed Activities	Choice-Neighborhoods-Planning-Grant-Budgets		HUD-Shares	City-Match	BHA-Match	Match-Type
			Line-Items	Subtotals				
1st	1408	Management-Improvements/Capacity-Building						
Alt		Hiring-expert-presenters: Capacity-Building-Trainings	\$10,000			\$10,000		Cash
		<i>Management-Improvements/Capacity-Building-Subtotal</i>		\$10,000	\$0	\$10,000	\$0	
2nd	1410	Administration						
Alt		Field-trip-to-a-CN-Implementation-community	\$10,000		\$10,000			Cash
Alt		Printing-of-materials-and-publications	\$5,000			\$5,000		Cash
Alt		Resident-Usage-Group-(Stipends-for-3-Residents-for-18-months-at-\$200/month)	\$10,800		\$10,800			
Alt		Administration-/Staff-Salaries-&-Benefits	\$70,000		\$70,000			
		<i>Administrative-Subtotal</i>		\$95,800	\$90,800	\$5,000	\$0	
3rd	1430	Fees-and-Costs						
		Planning-Coordinator-Services	\$290,000					
Alt		Phase-1--Listening-and-Learnings	\$50,000		\$50,000			
Alt		Phase-2--Visioning	\$50,000		\$50,000			
Alt		Phase-3--Strategy-Developments	\$40,000		\$40,000			
Alt		Phase-4--Draft-Plan--Housing-Plan	\$40,000		\$40,000			
Alt		Phase-4--Draft-Plan--People-Plan	\$30,000		\$30,000			
Alt		Phase-4--Draft-Plan--Neighborhood-Plan	\$30,000		\$30,000			
Alt		Phase-5--Final-Plan	\$50,000		\$50,000			
		<i>Applicant/Co-Applicant/Partner-Planning-Activities</i>	\$254,200					
Alt		Architecture-Finalization-(Through-Preferred-Developer)	\$40,000				\$40,000	Cash
Alt		Environmental-Study	\$15,000			\$15,000		Cash
Alt		Market-Study	\$10,000			\$10,000		Cash
Alt		Survey-or-Topographical-Study	\$10,000				\$10,000	Cash
Alt		Geotechnical-Study	\$15,000				\$15,000	Cash
Alt		Establishment-of-CN-HQ	\$10,000				\$10,000	Cash
Alt		Early-Action-Projects	\$154,200		\$119,200	\$35,000		Cash
		<i>Planning-Activities-Subtotal</i>		\$544,200	\$409,200	\$60,000	\$75,000	
		HUD-TOTAL			\$500,000			
		MATCH/LEVERAGE-TOTAL				\$75,000	\$75,000	
		PROJECT-TOTAL		\$650,000				

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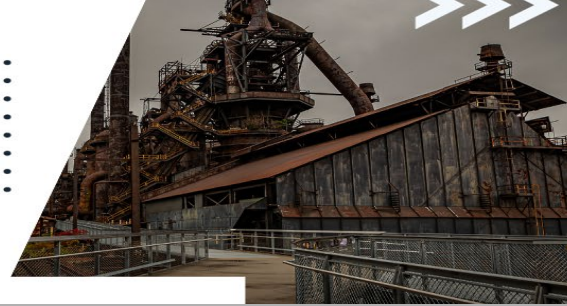


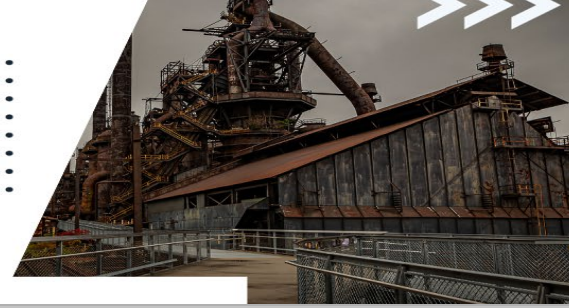
Exhibit G: Long-term Effect *City of Bethlehem*

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What permanent, long-term effects will your proposal have? What outcomes do you expect?

Access to affordable housing is a critical issue in many cities worldwide, and Bethlehem is no exception. The lack of affordable housing options can lead to displacement, socioeconomic disparities, and reduced quality of life for residents. The potential long-term effects of implementing strategies to address this issue in Bethlehem. Implementing new zoning and land use regulations can encourage the development of affordable housing. By designating specific areas for affordable housing and streamlining the approval process, the City can create an environment conducive to the construction of affordable housing units. Offering financial incentives to developers and property owners who create or preserve affordable housing is an effective strategy. These incentives include tax breaks, grants, or expedited permitting processes, making it economically viable for developers to engage in affordable housing projects. Fostering partnerships with the Bethlehem Housing Authority and local institutions can leverage their resources and expertise to support the development of affordable housing. Collaborative efforts can lead to the construction, preservation, and management of affordable housing units. Implementing policies and programs to protect tenants at risk of displacement is crucial for maintaining housing stability. Measures such as rent control, just-cause eviction protections, and relocation assistance can safeguard vulnerable populations from involuntary displacement. Addressing the shortage of deeply affordable rental units is vital. By working with developers, nonprofits, and government agencies, Bethlehem will increase the supply of housing options for low-income individuals and families, thereby reducing housing cost burdens. Preserving and making affordable housing available will help maintain the socioeconomic diversity of Bethlehem's neighborhoods. Stable communities foster stronger social connections, reduce crime rates, and contribute to overall well-being. Access to affordable housing enables residents to allocate their financial resources towards other essential needs, such as education, healthcare, and entrepreneurship. This, in turn, can stimulate local economic growth and job creation. Affordable housing located near employment centers can reduce commuting distances and transportation costs for residents. This not only benefits individuals but also contributes to reduced traffic congestion and lower carbon emissions. Affordable housing provides a stable and secure living environment, which positively impacts residents' physical and mental health.

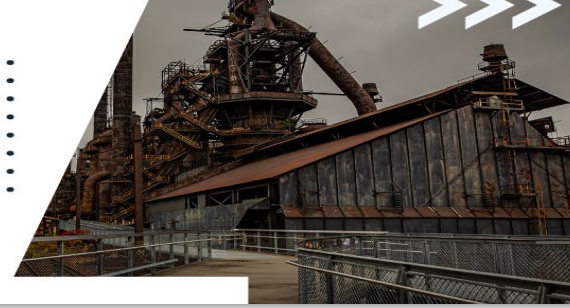
As the city continues the journey towards creating affordable housing for all residents, the biggest roadblock is securing adequate funding to successfully implement initiatives. The availability of financial resources will determine the speed and scale at which the city can implement affordable housing strategies. The City of Bethlehem is fortunate to have a well-developed comprehensive plan that outlines our affordable housing goals and identifies specific strategies to achieve them. This plan serves as a blueprint for actions and provides a clear vision for the future. Additionally,

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the City has invested significant time and effort in gathering and analyzing relevant data to support the case for affordable housing. The data-driven approach ensures informed decisions and effectively communicates the need for funding assistance. The support and engagement of the community have been instrumental in driving affordable housing initiatives forward. A groundswell of advocacy and collaboration from various stakeholders, including residents, local organizations, and businesses also strengthens the City's position when seeking funding opportunities and demonstrates the widespread commitment to addressing this critical issue. Established valuable partnerships with external organizations, nonprofits, and government agencies that share the same vision for affordable housing not only provides access to additional resources but also enhance the credibility and viability of this proposal. Funding is a major roadblock and the city committed to pursuing all available avenues to secure the financial resources needed to implement strategies effectively.

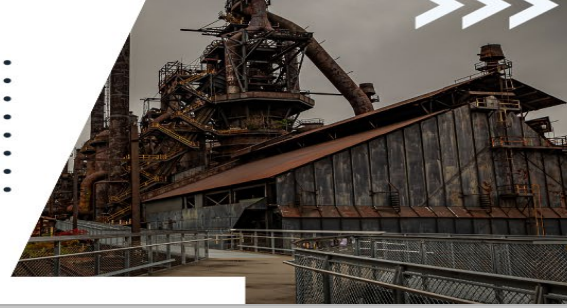
In the face of this challenge, we remain optimistic and determined. We understand that overcoming the funding hurdle will require persistent efforts, creative solutions, and the ability to adapt to changing circumstances. We will continue to explore innovative funding models, engage with potential investors, and advocate for increased financial support at various levels. If awarded this grant, the City will be able to successfully implement innovative zoning and land use regulations that designate specific areas for affordable housing. These changes will encourage the construction of affordable housing units in strategic locations. Financial incentives to developers and property owners, will stimulate increased investment in affordable housing projects. This will boost the supply of affordable units and ensures the preservation of existing ones. Partnerships with the Bethlehem Housing Authority and local institutions will be instrumental in leveraging resources, knowledge, and expertise. Through joint efforts, we will successfully initiate and complete affordable housing developments. Safeguarding vulnerable populations from displacement, will implement robust tenant protection measures. Recognizing the urgent need for deeply affordable rental units, we will actively work with developers, nonprofits, and government agencies to expand the availability of affordable housing options for low-income individuals and families. The completion of this grant will represent a significant milestone in the city's journey towards a more inclusive and equitable Bethlehem. The positive long-term effects of these efforts are far-reaching: **Community Stability:** Preserving and creating affordable housing will maintain the socioeconomic diversity of our neighborhoods, fostering stronger social connections and safer communities. **Economic Opportunities:** Access to affordable housing empowers residents to invest in education, healthcare, and entrepreneurship, thereby stimulating local economic growth and job creation. **Improved Quality of Life:** Affordable housing provides a stable and secure living environment, promoting residents' physical and mental well-being.

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Attachments *City of Bethlehem*